2002 Annual Report

Buderim Ginger Limited

Buderim Ginger Limited

CONTENTS

ANNUAL GENERAL MEETING

The Annual General Meeting of Buderim Ginger Limited will be held at the Ginger Factory, 50 Pioneer Road, Yandina on 29 April 2003 at 10 a.m.. The business of the meeting is outlined in the formal Notice of Meeting and Proxy Form which are enclosed with this report.

STRATEGIC PLAN 2002 - 2005

OUR VISION

"The World's Finest Ginger"

OUR MISSION

To be the unassailable leader in the global food markets in which we choose to operate:

- Confectionery Ginger Supply
- Branded Specialty Food Products; and

To be a leader in Industrial Tourism in support of these markets.

OUR STRATEGIC OBJECTIVES

- Get the Core Business Right
- Build Critical Mass
- Develop Tourism
- Strengthen Management of the Business

OUR VALUES

- The highest possible product quality
- A safe and rewarding work environment for our people
- Technological leadership in our products and processes
- Unbreakable customer alliances reinforced by our deeds
- Treating all stakeholders with integrity, honesty and respect
- People that treat the business like their own

"The World's Finest Ginger"

PROFILE

Established in 1941 as a grower co-operative, Buderim Ginger Limited has grown to become the world's leading producer of confectionery ginger. The company's core activity is the processing and marketing of a range of specialty ginger products. Buderim's competitive advantage is its reputation as "the world's finest ginger" which is continually reinforced by the quality of its products and service.

Buderim Ginger employs over 200 people through its head office and major processing plant on the Sunshine Coast in Queensland, Australia, and through secondary processing facilities in Fiji. The company has the capacity to process over 6,000 tonnes of raw ginger per annum.

Currently, over 75% of production is based in Australia with the remainder from the company's Fijian operation.

As part of an aggressive export focus, Buderim Ginger maintains international representation in more than 17 countries with sales and distribution offices in: London, UK; Hamburg, Germany and New Jersey, USA.

A large proportion of the ginger products processed by the company is marketed to industrial customers in the confectionery, beverage and food industries around the world. Of increasing importance is the company's innovative range of "Buderim Ginger" branded retail products which include jams, toppings, cordials, crystallised ginger and ginger slices. These products are marketed through supermarkets and retail outlets in Australia and overseas. Exports represent around 60% of total group sales, with key overseas markets being North America, the United Kingdom, Germany, the Netherlands, New Zealand and Japan.

In recent years, the company has actively underpinned its competitive position in both domestic and export markets through an intensive capital investment program to update its manufacturing and distribution infrastructure. Buderim Ginger is committed to the highest standards of food safety, holding both HACCP and Quality System Accreditation (ISO9001 -2000).

In addition to its traditional ginger processing activities, Buderim Ginger operates one of the Sunshine Coast's most popular and highly awarded tourist attractions "The Ginger Factory" at its Yandina Site, which is currently undergoing expansion and renovation due for completion by April 2003.

Corporate Directory

DIRECTORS

John M. Ruscoe
Chairman

Gerard D. O'Brien
Managing director

Doris Crerar

Stephen J. Maitland

Shane T. Templeton

COMPANY SECRETARY

Karon L. Rogers

SENIOR MANAGEMENT

Stephen T. Dennis
Process & Engineering Manager

Glenda C. Johns
Quality Manager

Peter W. Knight
Production & Supply Chain Manager

Paul G. Ritchie
General Manager - Marketing & Sales

Karon L. Rogers
Financial Controller

Joy L. Varney
Tourism Manager

SOLICITORS

Phillips Fox

BANKERS

Westpac Banking Corporation

Rabobank Australia Limited

SHARE REGISTER

Computershare Investor Services Pty Limited
345 Queen Street
Brisbane, Queensland, 4000
(07) 3229 9860

AUDITORS

Ernst & Young
Level 5, Waterfront Place
1 Eagle Street
Brisbane, Queensland, 4000

AUSTRALIAN BUSINESS NUMBER

68 010 978 800

ASX CODE

BUG

OFFICES

Registered Office
50 Pioneer Road
Yandina, Queensland, 4561
Telephone: (07) 5446 7100
Facsimile: (07) 5446 7520
Email: buderimg@buderimginger.com

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Buderim Ginger (UK) Limited
306 Stafford Road
Croydon, London CRO 4NH
Telephone: 44 208 681 845
Facsimile: 44 208 680 8049
Email: sales@buderimginger.co.uk

United States Office
Buderim Ginger America, Inc
One Halstead Way
Mahway New Jersey 07430
United States of America
Telephone: 201 847 8417
Facsimile: 201 847 8184
Email: america1@buderimginger.com

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Lot 14 Wailada Estate, Lami
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Suva, Fiji
Telephone: 679 3362 863
Facsimile: 679 3361 225
Email: frespac@is.com.fj

Year in Review

2002 SNAPSHOT

- Despite difficult conditions in key export markets, Revenue holds at $30,523,000 (down 0.4% on prior year).
- A subdued first half performance results in the full year Profit After Tax decreasing by $514,000 to $770,000, with Earnings per Share declining from 6.14 cents to 3.64 cents.
- In consideration of the near-record second half performance, directors recommend maintenance of prior year's dividend level of 3 cents per share fully franked for the 2002 year.
- Board restructure with four new non-executive directors appointed.
- Adoption of a new strategic plan to guide future growth and profitability.
- Record financial result achieved by the tourism facility, and commencement of major upgrade due for commissioning in April 2003.
- Continued strong growth in Buderim Ginger branded retail products.
- Strong industrial sales performance in the United Kingdom, and USA.
- Implementation of new sales and distribution structure for Buderim products in the European Community (excluding the UK and the Netherlands) from 2002.
- Improvements in manufacturing efficiency and infrastructure achieved at both the Yandina and Fiji factories.
- Formal HACCP accreditation achieved.
- Reduction in inventory, particularly seconds material.
- Presented the Sunshine Coast's No. 1 Business Award by the Premier of Queensland, Mr Peter Beattie.

"The very strong second half gives us confidence in predicting further improvement in operating performance in the years ahead. "

FINANCIAL SUMMARY

	2002 $000	2001 $000	2000 $000	1999 $000	1998 $000
Revenue	30,523	30,641	28,256	28,017	25,559
Profit (loss) before income tax expense	1,108	1,688	(1,757)	1,634	937
Net profit (loss) after income tax expense	770	1,284	(1,611)	1,095	719
Total assets	28,479	28,512	28,418	28,303	22,534
Dividends declared/recommended	-	628	-	837	793
Earnings per share (cents)	3.64	6.14	(7.70)	5.34	3.82
Net tangible asset backing (cents)	82	79	76	85	83
Dividend per share	*	3	-	4	4

NB Subsequent to 31 December 2002, directors have declared a dividend of 3 cents per share amounting to $636,683 to be paid on 20 May 2003 with a record date of 30 April 2003. This amount is not shown in the above table due to changes in accounting standards.*

Chairman's Report

CHAIRMAN'S REPORT

In the 13 months since your new Board was elected, the company has been through significant change. The transition period was a difficult time and came at some cost. However, we believe the changes were necessary to arrest the decline in the company's performance which had been evident since the mid nineties, and to set a course for the future which will ultimately lead to sustained prosperity.

Now, more than ever, the company needs an experienced and diverse Board as it engages a rapidly evolving global marketplace. We are facing new, more sophisticated competitors, a strengthening Australian dollar, economic sluggishness and downturns in key traditional markets, as well as a plethora of challenges on the home front.

Your new Board has committed itself to work tirelessly to improve shareholder returns. As promised, a full review of the company's current operations was conducted early in 2002 and a new strategic plan as a blue print for the future has been developed and adopted. 2002 was a year in which many structural and operational changes were made. As we indicated at our last Annual General Meeting of shareholders, costs associated with these changes impacted negatively on the 2002 profit. This message was reinforced in our half year announcement. We are pleased to report that our final result was marginally better than we expected at the half year and also that all of the transitional costs associated with the changes were "flushed out" and accounted for during 2002. We start 2003 with a clean slate and are confident in the base business going forward.

The very strong second half gives us confidence in predicting further improvement in operating performance in the years ahead. This confidence also comes from our deep-seated belief in the long-term potential of our business to dominate this unique global industry. Equally, we have been impressed by the significant progress the company has made in building a strong and credible retail brand and are encouraged by the future opportunities this provides. I am confident that shareholders and investors in our company recognise the brand value held within our business. Our future direction will see us increasingly unlock and capitalise on this value.

The Board recognises that our global environment has changed and the company must expand its scope to ensure ongoing success. Any expansion must be carefully planned and consistent with our capabilities. You will note that the company expended some resources in this regard during 2002 and will continue to look for opportunities in 2003 and beyond, consistent with our conservative investment philosophy. I would also like to recognise the efforts of our Managing director, Gerard O'Brien, his management team and, of course, the staff of Buderim Ginger.

The Board acknowledges the importance of a strong and sustainable dividend stream to our shareholders and having taken into consideration the company's extremely positive second half performance, is pleased to recommend a fully franked dividend of 3 cents per share in respect of the year to 31 December 2002.

JOHN RUSCOE

Chairman

Review of Operations

REVIEW OF OPERATIONS

Overview

A record second half result for the group after difficult trading in the first six months of the year, culminated in a full year profit before tax of $1.108m, down from $1.688m in the prior year. Consistent with forecast, the full year's earnings before tax were $580,000 down on those of 2001, however the record second half of the year provides an excellent platform for a sustained lift in profitability in the coming years. After tax earnings were $770,000, compared to $1.284m in the prior year. Earnings per share amounted to 3.64 cents (2001: 6.14 cents), enabling the maintenance of a fully franked dividend of 3 cents per share.

The lift in operating profit in the second half of the year was driven by overall sales growth and improved margins achieved through operating cost control and overhead reduction. Significantly, the second half result is one of the strongest six monthly results the company has recorded. Despite this, full year earnings were negatively impacted by a number of factors, including:

- revenue and margin pressures as a result of difficult economic and trading conditions in key export markets in Western Europe and North America;
- substantial increases in insurance costs which proved particularly acute for global businesses such as Buderim;
- the competitive effects of a gradually strengthening Australian dollar;
- reduced ginger intake due to drought conditions;
- the costs of restructuring distributor arrangements in some export markets; and
- the significant costs of corporate activity surrounding the company's board restructure early in the year.

In an effort to broaden the company's long-term growth horizon, significant management time and professional fees were expended during 2002 examining several acquisition opportunities in closely aligned businesses. However, at this stage, none of these opportunities appear realisable and all costs have been expensed in the 2002 year. We will continue to be extremely selective in reviewing future acquisition opportunities, and have a demanding set of investment criteria which any potential acquisition must meet before being seriously considered.

A final dividend of 3 cents (fully franked) has been declared since the end of the financial year, representing a total payout of $637,000. No interim dividend was paid. Record date for dividend entitlement is close of business 30 April, 2003.

The Company faced an increasingly competitive market in 2002, featuring major competitors from China, Fiji, Thailand, Indonesia and Australia. Despite aggressive competition from low cost competitors, Buderim Ginger was able to maintain the prior year's level of sales performance in total, and this is an encouraging pointer to the sustainability of our future international competitiveness.

Export Sales

Export sales fell by $400,000 or 2.5% in 2002 to $15.9 m, a creditable performance when considering the competitive and economic pressures, particularly in Western Europe and North America. Providing a counter to these difficult markets, performance by our UK subsidiary was outstanding, as is evidenced by the following sales summary:

- UK ↑$701,000
- Europe ↓ $695,000
- North America ↓ $512,000
- Frespac's external sales ↑ $141,000

Strong sales and profit performance was recorded in the UK driven by sales growth with new and traditional customers and the recovery of some jam manufacturer business which added significantly to turnover. Our successful campaign to retain current major customers also contributed to a highly positive performance in this market in 2002. The low level launch of retail branded product into UK supermarkets also provided the groundwork for the expected expansion of this range in 2003.

The Dutch market suffered from overstocking in the second half of 2001, as well as from increased competitive focus. In spite of the depressed economic conditions in most European markets, speciality distributors in this market have performed reasonably with new sales of organic products starting to gain momentum. It is planned to transfer the responsibility for the Dutch market to the UK office during the current year to capitalise on our UK staff's proven competencies and proximity.

Review of Operations

In Germany the market was plagued by difficult economic conditions after the change to the Euro as well as by unforeseen transition costs to the new agent, Johannes Luhders, KG. The new arrangements in place with Luhders have been supported by considerable public relations and trade promotion activity. Results from this activity are encouraging with sales from both new and traditional customers eventuating.

While being down on 2001, the full year's result in the North American market was slightly above expectations in spite of aggressive competitor activity. (Note: this is the principal market focus for our former exclusive distributor, now competitor). While the US market holds much potential for our traditional product range, it is also a viable market for green ginger products and considerable marketing effort is going into escalating this potentially profitable business line. Additional sales generated by the US subsidiary in 2002 represent well over half of the total sales made to our previous US distributor for the previous year. A majority of our subsidiary's sales growth has been derived from ex-distributor customers attracted by Buderim Ginger's record for premium product and quality consistency.

Although sales in the Canadian market were maintained, they were below expectations due to price-based competitive activity. However, major distributors are committed to the Buderim Ginger range and quality and this augers well for our future prospects in this market.

There is strong long-term growth potential for ginger in most "western" markets due to its underlying health benefits. Coupled with the growth of the global functional and nutraceutical food sectors, and continued studies which support ginger's wide-ranging health benefits, Buderim Ginger is confident of capitalising on these burgeoning opportunities for premium ginger-based products world-wide.

Ginger also has the added versatility of possessing both sweet and savoury flavouring attributes. This major quality is being fully explored through increased product trials at the manufacturing level. Buderim Ginger is committed through such work to maintaining and strengthening its leading status as an innovator in new product development for the global retail and manufacturing industries.

Domestic Sales

Domestic sales grew by over 5% in 2002 to $11.9 m. This performance reflects the company's continued improved standing in the branded retail sector as well as the increased profile of ginger as a flavour/ingredient within the general Australian food industry. It also reflects the strong economic conditions in the domestic market.

Industrial sales in Australia were marginally down at $4.5m for the year due to some changed purchasing patterns by key customers. In addition, the pickled (sushi) ginger segment has switched aggressively to low cost/lower quality products at Buderim's expense.

A change in our distribution arrangements in New South Wales and Victoria also impacted on sales, with some customers reverting temporarily to other supply options. An improved sales performance in the industrial segment is expected in 2003, with a number of these customers already returning following new, improved distribution arrangements put in place in both states.

"The Buderim Ginger path in 2002 with c credibility and repu

The Buderim Ginger retail range continued its impressive growth path in 2002 with revenue up almost 10% to $7.4m. Consumers and retailers alike recognise the Buderim brand for its credibility and reputation for quality and innovation. Traditional lines such as the ginger in syrup and marmalade categories performed strongly throughout the year, while new lines such as Glacé Ginger and Fine Diced Ginger provided evidence of the benefits of branding consistency resulting in strong sales throughout 2002.

The company anticipates further solid growth in Australian retail sales in 2003. This growth will be underpinned by continued expansion of current distribution arrangements and by further leveraging the acknowledged strength of the Buderim brand.

Tourism

Sales from tourism operations “The Ginger Factory” were up around 5% to a record $2.95m in 2002, in spite of relatively static visitor numbers. Total tourism segment revenue, however declined $231,000 or 6% due to the closure of the Buderim Ginger store at Indooroopilly Shoppingtown in July 2002.

In response to the flat visitor numbers and in an effort to renew the appeal of our facility, a major upgrade of the tourism facilities is well progressed and on schedule for an official opening to coincide with the Annual General Meeting in April 2003. We will be pleased to welcome the Premier of Queensland, Mr Peter Beattie to perform the official opening after the AGM. (A separate invitation is enclosed with this report.) The strategic reinvestment in this area of our business should significantly enhance the overall appeal and future earnings capacity of the tourism facility.

Fijian Operations

Strategically, the company has determined to refocus on the premium ginger markets through our "Australian origin, Australian made" Buderim-branded product. Accordingly, the focus of Buderim Ginger’s Fijian operation, Frespac, has changed to a stand-alone, lower cost offering in the market, leveraging off Buderim's sales and distribution network. As a result, in 2002, sales increased to external customers nearly 7% while internal sales (i.e. products transferred to Yandina) dropped away dramatically. Frespac's profitability was also negatively impacted in the short term. However, ongoing sales growth in key export markets resulting from this improved focus combined with improvements in manufacturing efficiencies and infrastructure, will provide the basis for stronger performance by the Fiji facility in future years.

retail range continued its impressive growth onsumers and retailers alike recognising its tation for quality and innovation.”

The annual Ginger Flower Festival held at our Yandina site continues to be a key element of the centre's marketing strategy through attracting first time visitors from new market segments.
Its heightening success and profile is now widely recognised throughout the Queensland tourism industry. This success is clearly illustrated by the 2003 event achieving a 20% growth in activity over 2002.

The closure of the Buderim Ginger store at Indooroopilly Shoppingtown has enabled management to focus solely on driving growth of the tourism facility, as well as other more appropriate strategies for retail sales growth.

There is a continued drive to maintain Fiji as an effective “low cost” producer to compete on the world stage. To maximise this operation's competitive position, the company is also continuing its efforts to lift the skill levels of the Fijian production team to maintain appropriate process controls.

Production

Over the past year, Buderim Ginger's production team continued to focus on its key operational drivers, such as seconds percentage, throughput and syruping uptake. This increased emphasis and scrutiny resulted in good gains made in most key production areas, however efficiencies were constrained by the smaller than anticipated Australian ginger harvest in February/March 2002 due to drought conditions.

While cost improvements at the Yandina production facility were achieved, Buderim also reinforced its position as the ‘World’s Finest Ginger’ through continued improvements to product quality and consistency. As the global leader in its field, Buderim Ginger is committed to the highest standards of food safety and during 2002, achieved HACCP accreditation for its food safety plan.

Review of Operations

While much capital over recent years has been dedicated to basic improvements to our manufacturing infrastructure, the majority of this investment was completed in 2002 allowing the emphasis for 2003 and beyond to shift to productivity improvements.

The Company has also taken large strides in its environmental practices, particularly focussing on water usage and wastewater quality and flows. After an extensive international search, we are hopeful that a new technology, currently at pilot plant stage, will enable us to almost reduce our wastewater flows to zero over time. The recent years of drought conditions have made us more sensitive to our use of the precious resource of water in all our processes.

The Company continued to generate improvements in its measured level of customer service through the "manufacture to forecast" regime. Improvements in 'DIFOT' (delivered in full, on time) outcomes were achieved and greater production efficiencies were attained through better production planning.

Research & Development

The Company continues to utilise a mix of internal and external resources to maximise outcomes of its research and development program. The program will remain equally committed to both process improvement and to new product development. In this latter area, Buderim has successfully sought to collaborate with key customers to achieve mutual objectives, while in the former area, Buderim is increasingly active in internalising its core technologies and protecting its intellectual property.

It is anticipated that in 2003 several new products will be launched culminating from the R&D investment over recent years. One such product, Buderim Ginger Bears, has commenced limited rollout through retail outlets in Queensland. This launch will be supported by an extensive public relations and advertising campaign as a precursor to a national rollout, should it be as successful as anticipated.

Outlook

Operationally, our major areas for focus in the year ahead remain:

- Leveraging both the "Buderim" brand and the company's international sales and distribution infrastructure to deliver ongoing profitable sales growth;
- Investing in process improvements designed to deliver substantial productivity gains while never compromising Buderim Ginger's premium position as "The World's Finest Ginger"; and
- Progressive inventory reduction and simplification of administrative and supply chain tasks.

Priorities for 2003 will focus squarely on new products, investments that deliver significant productivity improvements and improvements in management control of the business. Implementation of an ERP (Enterprise Resource Planning) system across the business has commenced and will be operational in the second half of 2003. It is expected that the implementation of the improved information system will improve customer service levels while reducing administrative complexity.

The new Board and management are working closely as a team to plan and deliver the company's long term success. As part of these efforts a detailed strategic plan for the business has been developed and endorsed. The plan is a blueprint for consolidating Buderim's global leadership position in confectionery ginger, while facilitating carefully planned growth in both traditional and non-traditional areas.

Based on recent advancements and the strong second half in 2002, the outlook for 2003 is very positive, with expectations for significant growth in net profit.

I would like to once again pay my personal tribute to the staff of Buderim Ginger who continually demonstrate their commitment to and passion for the business everyday. The award as the Sunshine Coast's No. 1 Business which was presented to me by the Premier of Queensland, Mr Peter Beattie in August of 2002, is a recognition of the efforts of all our staff over many years.
I thank each and every one of them for their support once again in 2002 and recognise that it is through their efforts and those of our suppliers and customers that Buderim Ginger, the World's Finest Ginger, is the global leader.

GERARD O'BRIEN

Managing director and Chief Executive

Directors' Report

Your directors submit their report for the year ended 31 December 2002.

DIRECTORS

The names and details of the company's directors in office during the financial year under review and at the date of this report are as follows:

Names, qualifications, experience and special responsibilities

John Michael Ruscoe

(Non-executive Chairman and Chairman of the Remuneration Committee)

Mr Ruscoe was elected by shareholders at the Extraordinary General Meeting held on 20th and 21st February, 2002, and re-elected at the 2002 Annual General Meeting. He was previously Chief Executive Officer of Buderim Ginger Limited and the previous co-operative for the period 1982 to 1994. During this period he was also General Manager of Australian Golden Ginger Pty Ltd and of The Ginger Marketing Board. Before joining the Buderim Ginger Growers' Co-operative he held executive positions in the chemical industry in Fiji, Australia and New Zealand. He is a graduate of The New Zealand Institute of Management in Business Administration. Mr Ruscoe is 62 years of age.

Gerard Daniel O'Brien, *B Admin., MBA (Georgetown), CPA, MAICD*

(Managing director)

Mr O'Brien was appointed Managing director and Chief Executive of Buderim Ginger Limited on 5 March 2001. His previous role was Business Development director for Goodman Fielder Milling based in Sydney. Mr O'Brien has many years management experience in the Australian food industry with Defiance Mills, Bunge-Defiance and Goodman Fielder and is a General Councillor of the Australian Industry Group (AIG) Queensland Branch. Mr O'Brien completed an MBA at Georgetown University USA in 1992 after a finance career in the construction industry. Mr O'Brien is 41 years of age.

Doris Crerar

(Non-executive director and Member of the Remuneration Committee)

Mrs Crerar was elected by shareholders at the Extraordinary General Meeting held on 20th and 21st February, 2002 and re-elected at the 2002 Annual General Meeting. She commenced employment with the Buderim Ginger Growers' Co-operative in 1950 and retired in 1989. During her early employment with the Co-operative, Mrs Crerar was appointed Secretary to the Board of the Buderim Ginger Growers Co-operative Association and The Ginger Marketing Board in 1954. In 1967 she became Production Manager and in 1971 was appointed an Associate director in recognition of her outstanding service to the ginger industry. Mrs Crerar is 70 years of age.

Stephen James Maitland, *B.Econ., FCPA, FAIBF, FCIS, FAIM, FAICD*

(Non-executive director and Chairman of the Audit & Compliance Committee)

Mr Maitland was appointed to fill a casual vacancy on 26 February 2002 and elected by shareholders at the 2002 Annual General Meeting. He has had over 28 years experience in the banking and finance industries, and is the principal of Delphin Associates. He holds directorships with Tarong Energy Corporation Ltd, Grand United Friendly Society Ltd, Electricity Supply Industry Superannuation (Qld) Ltd, Centrepoint Finance Group of Companies, Mackay Permanent Building Society Ltd, and Corporate Influences Pty Ltd. Mr Maitland is the Honorary Treasurer of the Surf Life Saving Foundation Inc., and a Councillor of the Royal National Agricultural & Industrial Association of Queensland. Mr Maitland is 52 years of age.

Shane Tyson Templeton, *B.Bus., MAICD*

(Non-executive director and Member of the Audit & Compliance Committee)

Mr Templeton was elected by shareholders at the Extraordinary General Meeting held on 20th and 21st February, 2002. Mr Templeton is a third generation ginger grower and is professionally qualified with a business degree. He has been growing ginger since 1991 and has held the position of Honorary Secretary of the Australian Ginger Growers Association for 4 years. Mr Templeton is a director of Hatterwick Pty Ltd, Templeton Holdings (Qld) Pty Ltd and Redarea Pty Ltd. Mr Templeton is 31 years of age.

The following company directors were in office during the financial year under review from 1 January 2002 to 21 February 2002:

David Douglas Heydon Graham,
B.Com., B.Econ (Hons), MBA, FCPA

Rodney Foxall Cormie,
B.Com., AAUQ, CPA, FSIA, FAICD

Anthony Robert Everingham,
AHD

John Charles Sturtevant Spencer,
B.Com.

Directors' Report

Interests in the shares and options of the company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of Buderim Ginger Limited were:

	Ordinary Shares
J.M. Ruscoe (1)	51,624
G.D. O'Brien	55,944
D. Crerar	11,689
S.J. Maitland (2)	-
S.T. Templeton (3)	1,255

(1) J.M. Ruscoe holds a relevant interest in 50,000 shares registered in the name of J.M. & S.E. Ruscoe (Ruscoe Family Super Fund).

(2) S.J. Maitland holds a relevant interest in 26,093 shares registered in the name of S.J. Maitland & F.P. Maitland (Maitland Family Superannuation Fund).

(3) S.T. Templeton holds a relevant interest in 31,708 shares registered in the name of Templeton Holdings (Qld) Pty Ltd, and 1,183,309 shares registered in the name of Redarea Pty Ltd (Templeton Family Account).

EARNINGS PER SHARE

	Cents
Basic earnings per share	3.64
Diluted earnings per share	3.64

DIVIDENDS

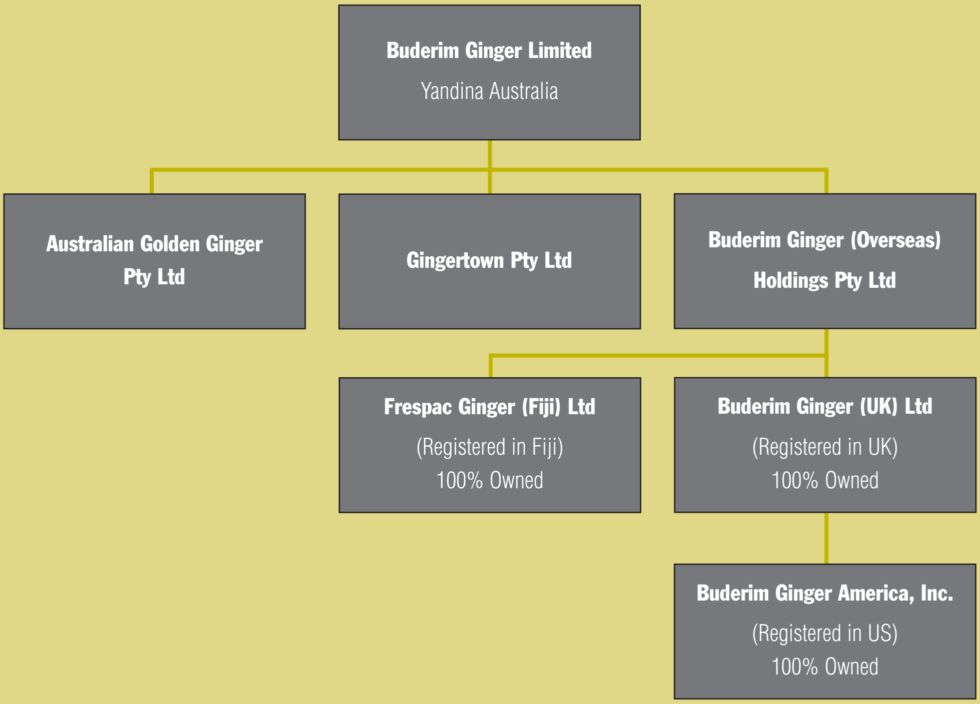
	Cents	$'000
Dividends paid in the year		
Final for 2001 shown as recommended in the 2001 report	3.0	628

In accordance with the new Accounting Standard AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets", a provision for dividends has not been recognised. Subsequent to the end of the reporting period, the directors have declared a dividend of 3 cents per share amounting to $636,683, payable on 20 May 2003.

CORPORATE INFORMATION

Corporate structure

Buderim Ginger Limited is a company limited by shares that is incorporated and domiciled in Australia. As the ultimate parent entity, it has prepared a consolidated financial report incorporating the entities that it controlled during the financial year, which are outlined in the following illustration of the group's corporate structure:



Buderim Ginger Sales, GmbH, a subsidiary of Buderim Ginger (Overseas) Holdings Pty Ltd, was sold during the period under review.

Nature of operations and principal activities

The principal activities during the year of entities within the consolidated entity were:

- manufacture and distribution of a variety of confectionery ginger and other ginger-based products to both industrial, food service and retail operations throughout the world;
- tourism operations comprising the sale of ginger and other retail gift and food products within the Australian tourism market.

There have been no significant changes in the nature of those activities during the year.

Employees

The consolidated entity employed 232 employees as at 31 December 2002 (2001: 190 employees). The number of employees will vary from year to year due to seasonal factors.

Directors' Report

REVIEW AND RESULTS OF OPERATIONS

A detailed review of operations is contained on pages 3 to 6 of the annual report.

Summarised operating results are as follows:

	2002	
	Revenues $'000	Results $'000
Business segments		
Ginger processing and distribution	27,808	1,353
Tourism operations	3,422	669
	31,230	2,022
Consolidated entity adjustments	(707)	-
Unallocated expenses	-	(914)
Consolidated entity sales and profit from ordinary activities before income tax expense	30,523	1,108

Shareholder Returns and Performance measurements

	2002	2001	2000	1999
EBIT ($'000)	**1,606**	2,293	(1,162)	2,044
EBITDA ($'000)	**2,869**	3,533	189	3,192
Basic earning per share (cents)	**3.64**	6.14	(7.70)	5.34
Dividend per share (cents)	***3**	3	-	4
Dividend payout ratio (%)	***82.4**	48.9	-	74.9
Available franking credits ($'000)	**984**	896	877	678
Return on assets (%)	**2.7**	4.5	(5.7)	3.9
Return on equity (%)	**6.2**	10.0	(10.0)	9.2
Debt / equity ratio (%)	**34.0**	37.5	47.0	41.0
Gearing ratio (%)	**37.6**	41.0	43.1	37.2
Current Ratio (%)	**235.7**	237.6	167.6	189.5
Net tangible asset backing (cents)	**82**	79	76	85

*Subsequent to 31 December 2002, the directors have declared a dividend of 3 cents per share amounting to $636,683 to be paid on 20 May 2003 with a record date of 30 April 2003. Although this amount is not shown as proposed as at 31 December, 2002, franking debits will arise from the payment of the dividend in May 2003 reducing the above credit balance from $984,000 to $347,000. As a consequence of this payment, the dividend payout ratio for 2002 will be 82.4%.

In spite of the decline in profits in 2002, debt reliance has been reduced as reflected in the debt to equity and gearing ratios.

The share price continues to benefit from our improved performance, and we are confident that as a result of the many initiatives in place to increase sales and continue to improve the bottom line, the favourable movement in share price will continue.

A dividend reinvestment plan was established in 1993, allowing shareholders to have dividends fully or partly contribute to the purchase of new ordinary shares. The shares issued under the plan are priced at a discount, as determined from time to time by the directors. Discounts offered to date have averaged 7.5% to the market price.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

An Extraordinary General Meeting was held on 20 and 21 February, 2002 at which the directorships of D.D.H. Graham, A.R. Everingham and J.C.S. Spencer were ceased and directors J.M. Ruscoe, D. Crerar and S.T. Templeton were appointed by shareholders. Mr S.J. Maitland was appointed on 26 February, 2002 to fill the casual vacancy created by Mr R.F. Cormie's resignation as director on 21 February, 2002.

On 30 April 2002, Buderim Ginger Sales (GmbH) was sold to agents Johannes Luhders Kg, Germany who were appointed as exclusive agents for marketing and selling of Buderim Ginger products in the European community countries excluding the British Isles and Netherlands. There was no profit or loss on sale of the subsidiary as all assets and liabilities were assigned to the parent entity at the sale date.

It is the opinion of the directors, that there were no other significant changes in the state of affairs of the economic entity that occurred during the financial year under review not otherwise disclosed in this report or the financial reports.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Subsequent to 31 December 2002, directors have declared a dividend of 3 cents per share amounting to $636,683 to be paid on 20 May 2003 with a record date of 30 April 2003.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The directors foresee that although the 2002 result is down on earnings achieved in 2001, it provides an excellent platform for a sustained lift in profitability in the coming years. This foundation is based on progress in improving manufacturing efficiencies and infrastructure.

Priorities for 2003 have now turned to new products, investments that deliver significant productivity improvements and improvements in management control of the business. Implementation of a single ERP (Enterprise Resource Planning) system across the business has commenced and will be operational in the second half of 2003.

The new Board and management have laid out a detailed strategic plan for the business which provides for maintaining Buderim's global leadership position in confectionery ginger while also allowing for carefully planned growth in both traditional and non-traditional areas. In addition, the business is already well progressed on an upgrade of its Tourism facility, The Ginger Factory, at our Yandina site targetted for an official opening in combination with our AGM in late April 2003.

The outlook for 2003 is strong for significant growth in net profit.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The consolidated entity holds licenses issued by the Environmental Protection Agency which specify limits for discharges to the environment which are due to the consolidated entity's operations. These licenses regulate the management of discharges to the air and storm water run-off associated with the ginger processing operations as well as the storage of hazardous materials.

There have been no significant known breaches of the consolidated entity's license conditions.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

At the AGM held in 2002, shareholders approved Buderim Ginger Limited and its subsidiaries entering into Deeds of Indemnity, Insurance and Access. These deeds provide that the company indemnify all current and future directors and secretaries in accordance with the provisions of the Corporations Act 2001, and with access to the company books and records for a period of 7 years after they cease to be a director or secretary of the company.

During the financial year, the company has paid premiums in respect of a contract insuring all the directors and officers of Buderim Ginger Limited against a liability incurred in their role as directors of the company, except where:

(a) the liability arises out of conduct involving a wilful breach of duty; or

(b) there has been a contravention of sections 232(5) or (6) of the Corporations Act 2001; and

as permitted by section 199B of the Corporations Act 2001.

The directors have not included details of the amount of the premium paid in respect of the directors and officers and legal expenses contracts as such disclosure is prohibited under the terms of the contract.

Directors' Report

DIRECTORS' AND OTHER OFFICERS' EMOLUMENTS

Remuneration policy

The Remuneration Committee of the board of directors is responsible for determining and reviewing compensation arrangements for the directors, the managing director and the executive team. The Remuneration Committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. Such officers are given the opportunity to receive their base emolument in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the company.

Details of the nature and amount of each element of the emolument of each director of the company and each of the five executive officers of the company and the consolidated entity receiving the highest emolument for the financial year are as follows:

Emoluments of directors of Buderim Ginger Limited

	Annual Emoluments			Long Term Emoluments			
	Annual Emoluments	Bonus	Other	Super-annuation	Bonus Shares Issued		Leave Accruals on Hand
	$	$	$	$	Number	$	$
J.M. Ruscoe	43,141	-	-	3,701	-	-	-
D. Crerar	21,570	-	-	1,851	-	-	-
S.J. Maitland	21,282	-	-	1,828	-	-	-
S.T. Templeton	21,570	-	-	1,851	-	-	-
D.D.H. Graham	8,333	-	-	667	-	-	-
R.F. Cormie	4,167	-	-	333	-	-	-
A.R. Everingham	4,167	-	-	333	-	-	-
J.C.S. Spencer	4,167	-	143	333	-	-	-
G.D. O'Brien	168,300	-	23,169	26,649	55,944 (i)	40,000	17,469

Emoluments of the five most highly paid executive officers of the company and the consolidated entity

	Annual Emoluments			Long Term Emoluments			
	Annual Emoluments	Bonus	Other	Super-annuation	Bonus Shares Issued		Leave Accruals on Hand
	$	$	$	$	Number	$	$
P. Bialkowski	151,857	30,371	25,959	18,576	-	-	20,727
P.G. Ritchie	124,000	-	20,901	18,685	-	-	33,064
A. Chinlyn	149,991	5,209	11,147	6,127	-	-	-
K.L. Rogers	94,496	-	19,784	11,607	-	-	33,615
R. Elsworthy	91,321	13,697	-	11,857	-	-	13,550

Notes

The terms 'director' and 'officer' have been treated as mutually exclusive for the purposes of this disclosure.

All elements of emoluments have been determined on the basis of the cost to the company and the consolidated entity.

Executives are those directly accountable and responsible for the operational management and strategic direction of the company and the consolidated entity.

The category 'Other' includes the value of any non-cash benefits provided, such as fully maintained motor vehicle, and/or professional membership subscriptions.

(i) Under an employee incentive scheme shareholders approved the issue to the managing director of a maximum of 100,000 shares per annum over a period not more than three years from 27 April 2001.

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	Directors' Meetings	Meetings of Committees	
		Audit	Remuneration
Number of meetings held:	22	3	2
Number of meetings attended:			
J.M Ruscoe	18	1^	2
G.D. O'Brien	22	-	-
D. Crerar	18	-	2
S.J. Maitland	16	3	-
S.T. Templeton	17	2	-
D.D.H. Graham	4*	-	-
R.F. Cormie	4*	-	-
A.R. Everingham	4*	-	-
J.C.S. Spencer	4*	-	-

Notes

*There were 4 board meetings held prior to the board restructure on 21st February 2002.

^J.M. Ruscoe attended one audit committee meeting as an alternate director for S.T. Templeton.

Committee membership

As at the date of this report, the company had an Audit & Compliance Committee and a Remuneration Committee of the board of directors. Members acting on the committees of the board during the year were:

Audit & Compliance

S.J. Maitland (chair)
S.T. Templeton

Remuneration

J.M. Ruscoe (chair)
D. Crerar

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

CORPORATE GOVERNANCE

In recognising the need for high standards of corporate behaviour and accountability, the directors of Buderim Ginger Limited support and strive to achieve the highest principles of corporate governance. The company's corporate governance statement is contained in the following section of this annual report.

Signed in accordance with a resolution of the directors.

J. Ruscoe
Director
Yandina, 12 March 2003

Corporate Governance Statement

1. BOARD OF DIRECTORS AND COMMITTEES

The board of directors of Buderim Ginger Limited is responsible for the corporate governance of the consolidated entity. The board guides and monitors the business and affairs of Buderim Ginger Limited on behalf of the shareholders by whom they are elected and to whom they are accountable. To ensure the board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of directors and for the operation of the board.

Composition of the Board

The composition of the board is determined in accordance with the following principles and guidelines:

- the board should comprise at least four non-executive and one executive director. A majority of non-executive directors should be maintained;
- the chairperson must be a non-executive director;
- the board should comprise directors with an appropriate range of qualifications and expertise;
- the board shall meet at least monthly and follow meeting guidelines set down to ensure all directors are made aware of, and have available all necessary information, to participate in an informed discussion of all agenda items;
- the maximum age for directors is 72 years;
- directors are appointed for a 3 year term (with the exception of the managing director) after which time they are required to seek re-election by shareholders; and
- when a board vacancy exists or where it is considered that a director with particular skills or experience is required, the board selects a panel of candidates with the appropriate expertise and experience from which the most suitable candidate is appointed on merit.

The directors in office at the date of this statement are:

Name	Position
J.M. Ruscoe	Chairperson, Non-Executive director
G.D. O'Brien	Managing director
S.F. Maitland	Non-Executive director
D. Crerar	Non-Executive director
S.T. Templeton	Non-Executive director

At each meeting, the board reviews the operational and financial performance of the consolidated entity and each operational unit. The board also receives and considers reports on the group's performance in the areas of occupational health and safety, food safety and environmental control. Each year the board considers, and if appropriate, approves annual budgets, proposed capital expenditure and operating plans and strategies against which technical and financial performance is regularly reported.
With the prior approval of the chairman, each director has the right, at the company's expense, to seek independent professional advice relevant to the company's affairs. A copy of any such advice is to be provided to all directors.

Remuneration Committee

The board is responsible for determining and reviewing compensation arrangements for the directors themselves and the chief executive officer and the executive team on an annual basis. The board has established a remuneration committee, comprising two non-executive directors. Members of the remuneration committee throughout the year were:

J.M. Ruscoe
D. Crerar

Mrs Crerar is recognised as a world leader in ginger processing with extensive expertise in this area. In addition to directors' fees, Mrs Crerar received payment for consultancy in relation to ginger processing during the period under review, as detailed in Note 30 - Related Party Disclosures.

Audit & Compliance Committee

The board has established an audit and compliance committee, which operates under a charter approved by the board. All members of the audit committee are non-executive directors. The members of the audit committee during the year were:

S.J. Maitland (appointed 26 February 2002)
S.T. Templeton (appointed 21 February 2002)
R.F Cormie (resigned 21 February 2002)
D.D.H Graham (ceased 21 February 2002)
J.C.S Spencer (ceased 21 February 2002)

The responsibilities of the audit and compliance committee include:

- ensuring an appropriate internal control framework within the entity inclusive of internal controls to deal with both the effectiveness and efficiency of significant business processes. This includes the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators.
- providing the board with additional assurance regarding the reliability of financial information for inclusion in the financial reports, and making the necessary recommendations to the board for approval and external release.
- providing direct access for external auditors either to the committee or to the board. The audit and compliance committee has the right to consult with external auditors in the absence of management.
- reviewing the scope and results of external audits with the auditors. Twice annually, the external auditors write to the committee chairman setting out in detail the scope and issues arising from the audit. The committee discuss this report with the auditors at formal audit committee meetings.
- reviewing the group's accounting policies and taxation affairs.
- reviewing compliance with accepted standards of ethical conduct, laws and regulations.

Recent best practice publications aimed at strengthening the independence of directors and audit committees, recommend that directors and members of audit committees maintain independence through minimising any relationships that may interfere with the exercise of their independence from management and the corporation. Although these recommendations relate mainly to listed companies with a market capitalisation above $200 million, Buderim Ginger Limited aims to comply with the best practice guidelines. The Board advises that non-executive director S.T. Templeton, as a member of the audit and compliance committee, is a significant shareholder and the manager and director of Templeton Holdings Pty Ltd, the largest ginger grower contracted to the company. His expertise as a ginger grower is extremely valuable to the management of the company as a whole, and his financial qualification assists in compliance with the financial literacy guidelines for audit committee membership. The Board and Mr Templeton are diligent in ensuring that a conflict of interest does not interfere with his obligations towards the company.

The Audit & Compliance committee confirms that the provision of services by the company's auditors, Ernst & Young have complied with all professional requirements relating to Auditor Independence. The committee recognises that auditor independence may be threatened by the provision of certain non-assurance services, but advises that, other than audit services, Ernst & Young perform tax services only. In the countries in which the Company operates there is no restriction placed on audit firms providing taxation services to audit clients. The company has engaged KPMG during 2002 to provide other non-assurance services.

The Audit & Compliance committee also advises that audit partner rotation on the company's account, has been progressively undertaken over the last 12 month period.

Board Responsibilities

As the board acts on behalf of and is accountable to the shareholders, the board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks. The board seeks to discharge these responsibilities in a number of ways.

The responsibility for the operation and administration of the consolidated entity is formally delegated by the board to the managing director/chief executive officer and the executive team. The board ensures that this team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the chief executive and the executive team.

The board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the board. The board has a number of mechanisms in place to ensure this is achieved. In addition to the establishment of the committees referred to above, these mechanisms include the following:

- board approval of a strategic plan, which encompasses the entity's vision, mission and strategy statements, designed to meet stakeholders' needs and manage business risk;
- the strategic plan is a dynamic document and the board is actively involved in developing and approving initiatives and strategies designed to ensure the continued growth and success of the entity;
- implementation of operating plans and budgets by management and board monitoring of progress against budget - this includes the establishment and monitoring of key performance indicators (both financial and non-financial) for all significant business processes;
- establishment of management committees to report on occupational health and safety and environment;
- procedures to allow directors, in the furtherance of their duties, to seek independent professional advice at the company's expense;
- review and approval of acquisitions and disposals of businesses and assets, and the approval of financing arrangements within defined limits; and
- monitoring of the entity's liquidity, credit policies and exposures, and management's actions to ensure they are in line with company policy.

Directors, Mr Ruscoe and Mrs Crerar were previously employed by the company as Managing director and Production Manager respectively and were last engaged in these capacities in 1994 and 1989 respectively. The Board believes that Mr Ruscoe's and Mrs Crerar's past employment does not impair their independence as directors, but rather allows the company to positively benefit from their depth of industry and technical experience.

Monitoring of the Board's Performance and Communication to Shareholders

In order to ensure that the board continues to discharge its responsibilities in an appropriate manner, the performance of all directors is reviewed annually by the chairperson. Directors whose performance is assessed as unsatisfactory are asked to retire.

The board of directors aims to ensure that the shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the directors. Information is communicated to the shareholders through:

- the annual report which is distributed to all shareholders;
- the half-yearly report released through the ASX; and
- the annual general meeting and other meetings so called to obtain approval for board action as appropriate.

2. MANAGEMENT OF RISKS

Internal policies and procedures for accounting and financial reporting, internal control, foreign exchange, workplace health and safety, equal opportunity employment, internal industrial relations, and environmental performance reporting are regularly reviewed by the board. Where practicable, the company takes external insurance against property, product and activity risks.

3. ETHICAL STANDARDS

Board members, executive management and all employees are made aware of the requirements to follow corporate policies and procedures, to obey the law and to behave with high standards of honesty, integrity, fairness and equity. The awareness is created through the company's induction and on-going training and programs.

Statement of Financial Performance

Year Ended 31 December 2002

	Notes	Consolidated		Buderim Ginger Limited	
		2002 $'000	2001 $'000	2002 $'000	2001 $'000
Revenues from operating activities	2	**30,523**	30,641	**25,877**	25,960
Expenses from operating activities excluding borrowing costs, depreciation and amortisation	3	**27,444**	27,108	**24,041**	23,998
Earnings before borrowing costs, tax,depreciation and amortisation (ebitda)		**3,079**	3,533	**1,836**	1,962
Borrowing costs expense	3	**498**	605	**411**	499
Depreciation and amortisation expense	3	**1,263**	1,240	**891**	851
Profit from operating activities		**1,318**	1,688	**534**	612
Expenses from non-operating activities	3	**210**	-	**210**	-
Profit before income tax expense		**1,108**	1,688	**324**	612
Income tax expense	4	**338**	404	**111**	183
Net profit from operating and non-operating activities after related income tax expense		**770**	1,284	**213**	429
Increase in retained profits on adoption of new accounting standard AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets"	19	**628**	-	**628**	-
Total changes in equity other than those resulting from transactions with owners as owners		**1,398**	1,284	**841**	429
Basic earnings per share (cents per share)	26	**3.64**	6.14		
Diluted earnings per share (cents per share)	26	**3.64**	6.14		
Franked dividends per share (cents per share)	5	**3.00**	3.00		

Statement of Financial Position

At 31 December 2002

	Notes	Consolidated 2002 $'000	Consolidated 2001 $'000	Buderim Ginger Limited 2002 $'000	Buderim Ginger Limited 2001 $'000
Current Assets					
Cash assets		**642**	660	**130**	141
Receivables	6	**6,420**	5,915	**5,035**	5,000
Inventories	7	**10,190**	10,948	**8,822**	9,827
Other	8	**316**	304	**266**	299
Total Current Assets		**17,568**	17,827	**14,253**	15,267
Non-Current Assets					
Receivables	9	**-**	-	**-**	654
Property, plant and equipment	11	**10,354**	10,082	**8,581**	8,106
Deferred tax assets	4	**266**	305	**266**	305
Intangible assets	12	**291**	298	**129**	134
Total Non-Current Assets		**10,911**	10,685	**8,976**	9,199
Total Assets		**28,479**	28,512	**23,229**	24,466
Current Liabilities					
Payables	13	**3,140**	3,350	**2,626**	3,445
Interest-bearing liabilities	14	**3,013**	2,387	**2,872**	2,478
Current tax liabilities	4	**306**	419	**91**	223
Provisions	15	**994**	1,346	**994**	1,346
Total Current Liabilities		**7,453**	7,502	**6,583**	7,492
Non-Current Liabilities					
Interest-bearing liabilities	16	**2,919**	3,809	**2,140**	2,817
Deferred tax liabilities	4	**243**	289	**243**	289
Provisions	17	**101**	89	**93**	81
Total Non-Current Liabilities		**3,263**	4,187	**2,476**	3,187
Total Liabilities		**10,716**	11,689	**9,059**	10,679
Net Assets		**17,763**	16,823	**14,170**	13,787
Equity					
Contributed equity	18	**13,081**	12,911	**13,081**	12,911
Reserves	19	**567**	567	**655**	655
Retained profits	19	**4,115**	3,345	**434**	221
Total Equity		**17,763**	16,823	**14,170**	13,787

Statement of Cash Flows

Year Ended 31 December 2002

	Notes	Consolidated		Buderim Ginger Limited	
		2002 $'000	2001 $'000	2002 $'000	2001 $'000
Cash Flows From Operating Activities					
Receipts from customers		**30,725**	31,883	**26,498**	27,608
Payments to suppliers and employees		**(27,569)**	(29,424)	**(24,636)**	(26,704)
Other income		**328**	505	**381**	451
Interest received		**13**	4	**11**	-
Borrowing costs		**(498)**	(605)	**(411)**	(499)
Income tax received		**-**	221	**-**	221
Income tax paid		**(457)**	(124)	**(248)**	-
Goods and services tax paid		**(220)**	(150)	**(220)**	(150)
Research and development expenditure		**(97)**	(39)	**(97)**	(39)
Net Cash Flows From Operating Activities	20	**2,225**	2,271	**1,278**	888
Cash Flows From Investing Activities					
Proceeds from sale of property, plant and equipment		**16**	21	**16**	7
Purchase of property, plant and equipment		**(1,526)**	(784)	**(1,366)**	(774)
Trademark registrations		**(11)**	(30)	**(11)**	(29)
Repayment of loan from related party		**-**	(94)	**-**	-
Loans repaid by other entities		**-**	-	**627**	1,188
Proceeds from short term deposits		**-**	900	**-**	900
Purchase of short term deposits		**-**	(900)	**-**	(900)
Net Cash Flows From/(Used In) Investing Activities		**(1,521)**	(887)	**(734)**	392
Cash Flows From Financing Activities					
Proceeds from borrowings - other		**170**	-	**170**	-
Repayments of borrowings - other		**(71)**	(1,159)	**-**	(1,129)
Payment of dividends on ordinary shares (net of dividend reinvestment)		**(458)**	-	**(458)**	-
Repayment of finance lease principal		**(143)**	(117)	**(134)**	(122)
Net Cash Flows (Used In) Financing Activities		**(502)**	(1,276)	**(422)**	(1,251)
Net Increase/(Decrease) In Cash Held		**202**	108	**122**	29
Add opening cash brought forward		**440**	332	**8**	(21)
Closing Cash Carried Forward	20	**642**	440	**130**	8

Notes to the Financial Statements

Year Ended 31 December 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 including applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

The financial report has been prepared in accordance with the historical cost convention, except for freehold land which is measured at the revalued amount.

(b) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous year except for the accounting policy with respect to provisions, contigent liabilities and contingent assets.

AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets"

The consolidated entity has adopted the new Accounting Standard AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets" which has resulted in a change in the accounting for dividend provisions. Previously, the consolidated entity recognised a provision for dividend based on the amount that was proposed or declared after the reporting date. In accordance with the requirements of the new standard, a provision for dividend will only be recognised at the reporting date where the dividends are declared, determined or publicly recommended prior to the reporting date. The effect of the revised policy has been to increase consolidated retained profits and decrease provisions at the beginning of the year by $628,000. In accordance with the new Standard, no provision for dividend has been recognised for the year ended 31 December 2002. The change in accounting policy has had no effect on basic EPS.

(c) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising BUDERIM GINGER LIMITED (the parent company) and all entities that BUDERIM GINGER LIMITED controlled from time to time during the year and at reporting date.

Information from the financial statements of subsidiaries is included from the date the parent company obtains control until such time as control ceases. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent company has control.

Subsidiary acquisitions are accounted for using the purchase method of accounting.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

(d) Foreign currencies

Translation of foreign currency transactions

Transactions in foreign currencies of entities within the consolidated entity are converted to Australian currency at the rate of exchange ruling at the date of the transaction unless hedged prior to the date of the transaction, whereupon the hedged rate is used.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

A monetary item arising under a foreign currency contract outstanding at the reporting date where the exchange rate for the monetary item is fixed in the contract is translated at the exchange rate fixed in the contract.

Except for certain specific hedges, all resulting exchange differences arising on settlement or re-statement are recognised as revenues and expenses for the financial year. Any gains or costs on entering a hedge are deferred and amortised over the life of the contract.

Specific hedges

Where a purchase or sale is specifically hedged, exchange gains or losses on the hedging transaction arising up to the date of purchase or sale and costs, premiums and discounts relative to the hedging transaction are deferred and included in the measurement of the purchase or sale. Exchange gains and losses arising on the hedge transaction after that date are taken to the Statement of Financial Performance.

Translation of financial reports of overseas operations

All overseas operations are deemed to be integrated as they are financially and operationally dependent on Buderim Ginger Limited. The accounts of overseas operations are translated using the temporal method and exchange differences are brought to account in the statement of financial performance.

Notes to the Financial Statements

Year Ended 31 December 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Cash and cash equivalents

Cash on hand and in banks and short-term deposits are stated at the lower of cost and net realisable value.

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within 2 working days, net of outstanding bank overdrafts.

Bank overdrafts are carried at the principal amount. Interest is charged as an expense as it accrues.

(f) Receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

Receivables from related parties are recognised and carried at the nominal amount due. Interest is taken up as income on an accrual basis.

Bills of exchange and promissory notes are measured at the lower of cost and net realisable value.

(g) Investments

Investments in all non-current assets are carried at the lower of cost and recoverable amount.

(h) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- raw materials - purchase cost on a first-in-first-out basis; and
- finished goods and work-in-progress - cost of direct material and labour and a proportion of manufacturing overheads based on normal operating capacity.

(i) Recoverable amount

Non-current assets measured using the cost basis are not carried at an amount above their recoverable amount, and where a carrying value exceeds this recoverable amount, the asset is written down. In determining recoverable amount, the expected net cash flows have been discounted to their present value using a market determined risk adjusted discount rate.

(j) Property, plant and equipment

Cost and valuation

Property, plant and equipment are carried at cost or at independent valuation as conducted on 30 June 1997 in accordance with the Accounting Standards AASB 1041 "Revaluation of Non-Current Assets" and AASB 1010 "Recoverable Amount of Non-Current Assets".

Where assets have been revalued, the potential effect of the capital gains tax on disposal has not been taken into account in the determination of the revalued carrying amount. Where it is expected that a liability for capital gains tax will arise, this expected amount is disclosed by way of note.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment, other than freehold land, at rates calculated to allocate the cost of valuation, less estimated residual value at the end of the useful lives of the assets, against revenue over those estimated useful lives.

Major depreciation periods are:	2002	2001
Tourism buildings	15 years	15 years
Freehold buildings	50 years	50 years
Plant and equipment	3-10 years	3-10 years
Plant and equipment under lease	The lease term	The lease term

(k) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis.

Contingent rentals are recognised as an expense in the financial year in which they are incurred.

Finance leases

Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased item to the group are capitalised at the present value of the minimum lease payments and disclosed as property, plant and equipment under lease. A lease liability of equal value is also recognised.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the assets and the lease term. Minimum lease payments are allocated between interest expense and reduction of the lease liability with the interest expense calculated using the interest rate implicit in the lease and charged directly to the Statement of Financial Performance.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Intangibles

Goodwill

Goodwill represents the excess of the purchase consideration over the fair value of identifiable net assets acquired at the time of acquisition of a business or shares in a controlled entity.

Goodwill is amortised on a straight-line basis over the period during which benefits are expected to be received. This is taken as being 20 years.

Trademarks

Trademarks are amortised over their useful lives, being 10 years.

(m) Other non-current assets

Research and development costs

Research and development costs are expensed as incurred, except where future benefits are expected, beyond any reasonable doubt, to exceed those costs. Where research and development costs are deferred such costs are amortised over future periods on a basis related to expected future benefits. Unamortised costs are reviewed at each balance date to determine the amount (if any) that is no longer recoverable and any amount identified is written off.

Expenditure carried forward

Significant items of carry forward expenditure having a benefit or relationship to more than one period are written off over the periods to which such expenditure relates.

(n) Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

Deferred cash settlements are recognised at the present value of the outstanding consideration payable on the acquisition of an asset discounted at prevailing commercial borrowing rates.

(o) Interest-bearing liabilities

All loans are measured at the principal amount. Interest is charged as an expense as it accrues.

Bills of exchange and promissory notes are carried at the principal amount plus deferred interest.

Finance lease liability is determined in accordance with the requirements of AASB 1008 "Leases".

(p) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

(q) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the company.

(r) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Control of the goods has passed to the buyer.

Interest

Control of the right to receive the interest payment.

Rental Income

Rental income is recognised in line with lease commitments defined in lease agreements.

(s) Taxes

Income taxes

Tax-effect accounting is applied using the liability method whereby income tax is regarded as an expense and is calculated on the accounting profit after allowing for permanent differences. To the extent timing differences occur between the time items are recognised in the financial statements and when items are taken into account in determining taxable income, the net related taxation benefit or liability, calculated at current rates, is disclosed as a future income tax benefit or a provision for deferred income tax. The net future income tax benefit relating to tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised.

Where assets are revalued no provision for potential capital gains tax has been made.

Income tax expense and deferred tax balances presented in this financial report do not take into account the impact, if any, that may arise should the group elect to enter into a tax consolidation group.

Notes to the Financial Statements

Year Ended 31 December 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Taxes (cont'd)

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(t) Employee entitlements

Provision is made for employee entitlement benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, sick leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave, sick leave and any other employee entitlements expected to be settled within twelve months of the reporting date are measured at their nominal amounts. All other employee entitlement liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the interest rates attaching to government guaranteed securities, which have terms to maturity approximating the terms of the related liability, are used.

Employee entitlements expenses and revenues arising in respect of the following categories:

- wages and salaries, non-monetary benefits, annual leave, long service leave, sick leave and other leave entitlements; and
- other types of employee entitlements

are recognised against profits on a net basis in their respective categories.

(u) Derivative financial instruments

Forward exchange contracts

The consolidated entity enters into forward exchange contracts where it agrees to sell specified amounts of foreign currencies in the future at a predetermined exchange rate. The objective is to match the contract with anticipated future cash flows from sales and purchases in foreign currencies, to protect the consolidated entity against the possibility of loss from future exchange rate fluctuations. The forward exchange contracts are usually for no longer than 12 months.

Forward exchange contracts are recognised at the date the contract is entered into. Exchange gains or losses on forward exchange contracts are recognised in the Statement of Financial Performance except those relating to hedges of specific commitments that are deferred and included in the measurement of the sale or purchase.

(v) Earnings per share

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(w) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures as a result of the first-time application of revised Accounting Standard AASB 1005 'Segment Reporting'.

	Notes	Consolidated 2002 $'000	Consolidated 2001 $'000	Buderim Ginger Limited 2002 $'000	Buderim Ginger Limited 2001 $'000

2. REVENUE FROM OPERATING ACTIVITIES

	Notes	Consolidated 2002 $'000	Consolidated 2001 $'000	Buderim Ginger Limited 2002 $'000	Buderim Ginger Limited 2001 $'000
Revenue from sale of goods		**30,166**	30,166	**25,469**	25,543
Other revenue					
Rental income		**295**	294	**295**	294
Other income		**33**	171	**86**	117
		328	465	**381**	411
Interest income - other persons/corporations		**13**	4	**11**	-
Proceeds on sale of non-current assets		**16**	6	**16**	6
		357	475	**408**	417
Total revenues from operating activities		**30,523**	30,641	**25,877**	25,960

3. EXPENSES AND LOSSES/(GAINS)

(a) Expenses from operating activities

	Notes	Consolidated 2002 $'000	Consolidated 2001 $'000	Buderim Ginger Limited 2002 $'000	Buderim Ginger Limited 2001 $'000
Cost of goods sold		**20,013**	19,623	**17,931**	17,860
Write-down of inventory to net realisable value		**16**	199	**16**	199
Selling and distribution expenses		**4,994**	4,931	**3,695**	3,623
Marketing expenses		**302**	286	**302**	286
Tourism expenses		**1,094**	1,251	**1,094**	1,251
Other operating costs		**1,025**	818	**1,003**	779
		27,444	27,108	**24,041**	23,998
Borrowing costs expensed					
Interest expense		**475**	573	**388**	467
Finance charges - lease liability		**23**	32	**23**	32
Total borrowing costs expensed		**498**	605	**411**	499
Amortisation of non-current assets					
Plant and equipment under lease		**135**	145	**135**	145
Goodwill		**10**	10	**-**	-
Trade Marks		**16**	7	**16**	7
		161	162	**151**	152
Depreciation of non-current assets					
Plant and equipment		**820**	801	**526**	487
Buildings		**282**	277	**214**	212
		1,102	1,078	**740**	699
Total depreciation and amortisation		**1,263**	1,240	**891**	851

Notes to the Financial Statements

Year Ended 31 December 2002

	Notes	Consolidated 2002 $'000	Consolidated 2001 $'000	Buderim Ginger Limited 2002 $'000	Buderim Ginger Limited 2001 $'000
3. EXPENSES AND LOSSES/(GAINS) (CONT'D)					
(a) Expenses (cont'd)					
Cost of redundancies and terminations		**23**	84	**23**	5
Bad debts - trade debtors		**9**	123	**-**	-
Net (profit) on disposal of property, plant and equipment		**(1)**	-	**(1)**	-
Rental - operating leases		**136**	138	**136**	138
Net foreign currency (gains)/losses		**11**	38	**11**	(3)
Provision for employee entitlements		**487**	345	**479**	339
Research and development costs		**97**	39	**97**	39
Superannuation contributions - Accumulated benefit fund		**453**	462	**394**	390
Write back of intercompany loan provision		**-**	-	**(164)**	-
The following significant non-recurring costs have been incurred during the period:					
Due Diligence costs		**96**	-	**96**	-
(b) Expenses from non-operating activities					
Profit before income tax expense includes the following specific expenses whose disclosure is relevant in explaining the financial performance of the entity:					
Company board restructure		**123**	-	**123**	-
German subsidiary closure		**87**	-	**87**	-
		210	-	**210**	-
4. INCOME TAX					
The prima facie tax, using tax rates applicable in the country of operation, on profit differs from the income tax provided in the financial statements as follows:					
Prima facie tax on profit from ordinary activities @ tax rate 30%		**332**	574	**97**	208
Tax effect of permanent differences					
Research and development deductions		**(22)**	(32)	**(22)**	(32)
Depreciation of buildings		**15**	20	**15**	20
Amortisation of intangible assets		**5**	6	**5**	2
Reversal of provision for non recovery of intercompany loan		**-**	-	**(49)**	-
Non-deductible costs of subsidiary closure expenses		**13**	-	**13**	-
Non-deductible costs of due diligence activities		**29**	-	**29**	-
Non-assessable income from foreign operations		**(39)**	(154)	**-**	-
Under/(over) provision of previous year		**5**	(10)	**23**	(15)
Income tax expense attributable to ordinary activities		**338**	404	**111**	183
Deferred tax assets and liabilities					
Current tax payable		**306**	419	**91**	223
Provision for deferred income tax - non-current		**243**	289	**243**	289
Future income tax benefit - non-current		**266**	305	**266**	305
Income tax losses					
Future income tax benefit arising from tax losses of a controlled entity not recognised at reporting date as realisation of the benefit is not regarded as virtually certain		**-**	92	**-**	-

This future income tax benefit will only be obtained if:

(a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;

(b) the conditions for deductibility imposed by tax legislation continue to be complied with; and

(c) no changes in tax legislation adversely affect the consolidated entity in realising the benefit.

5. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

	Notes	Consolidated 2002 $'000	Consolidated 2001 $'000	Buderim Ginger Limited 2002 $'000	Buderim Ginger Limited 2001 $'000
(a) Dividends proposed					
Franked dividends (2001: 3c per share)	15	*-	628	*-	628
(b) Dividends paid during the year					
Previous year final					
Franked dividends (3c per share) (2001: -)		**628**	-	**628**	-
(c) Franking credit balance					
The amount of franking credits available for the subsequent financial year are:					
- franking account balance as at the end of the financial year at 30% (2001: 30%)		**838**	887	**838**	887
- franking credits that will arise from the payment of income tax payable as at the end of the financial year		**146**	637	**146**	637
- franking debits that will arise from the payment of dividends as at the end of the financial year.		*-	(628)	*-	(628)
		984	896	**984**	896

*Subsequent to 31 December 2002, the directors have declared a dividend of 3 cents per share amounting to $636,683 to be paid on 20 May 2003 with a record date of 30 April 2003. Although this amount is not shown as proposed as at 31 December, 2002, franking debits will arise from the payment of the dividend in May 2003 reducing the above credit balance from $984,000 to $347,000.

As of 1 July 2002, the new imputation system requires a company's franking credits to be expressed on a tax-paid basis. The franking account surplus existing at 31 December 2002 has been reinstated to a tax paid amount by multiplying the Class C franking surplus by 30/70.

6. RECEIVABLES (CURRENT)

	Notes	Consolidated 2002 $'000	Consolidated 2001 $'000	Buderim Ginger Limited 2002 $'000	Buderim Ginger Limited 2001 $'000
Trade debtors		**6,085**	5,761	**4,753**	4,891
Provision for doubtful debts	6(b)	**(10)**	(54)	**(10)**	(54)
		6,075	5,707	**4,743**	4,837
Deposits and other loans		**8**	8	**8**	8
Other receivables		**337**	200	**284**	155
		6,420	5,915	**5,035**	5,000
(a) Aggregate amounts receivable from related parties included in trade debtors					
Wholly-owned group					
- controlled entities		**-**	-	**868**	1,759
(b) Movement in provision for doubtful debts					
- balance at beginning of year		**(54)**	(52)	**(54)**	(52)
- bad and doubtful debts (provided for) / written back during the year		**44**	(2)	**44**	(2)
- balance at end of year		**(10)**	(54)	**(10)**	(54)

Notes to the Financial Statements

Year Ended 31 December 2002

	Notes	Consolidated		Buderim Ginger Limited	
		2002 $'000	2001 $'000	2002 $'000	2001 $'000

7. INVENTORIES (CURRENT)

Raw materials and stores					
At cost		**740**	869	**716**	778
Work-in-progress					
At cost		**2,084**	1,252	**1,379**	1,203
Finished goods					
At cost		**7,301**	6,122	**6,662**	5,141
At net realisable value		**65**	2,705	**65**	2,705
		7,366	8,827	**6,727**	7,846
Total inventories at lower of cost and net realisable value		**10,190**	10,948	**8,822**	9,827

8. OTHER CURRENT ASSETS

Prepayments		**271**	304	**266**	299
Foreign exchange contracts receivable		**38**	-	**-**	-
Deferred foreign currency losses		**7**	-	**-**	-
		316	304	**266**	299

9. RECEIVABLES (NON-CURRENT)

Wholly owned group					
- loan to controlled entity		**-**	-	**1,008**	1,826
- provision for non-recovery of inter-company loan		**-**	-	**(1,008)**	(1,172)
		-	-	**-**	654

10. INTERESTS IN SUBSIDIARIES

Name		Country of incorporation	Percentage of equity interest held by the consolidated entity 2002 %	2001 %	Investment 2002 $	2001 $
Australian Golden Ginger Pty Ltd	(i)	Australia (a)	**100**	100	**6**	6
Gingertown Pty Ltd	(i)	Australia (a)	**100**	100	**2**	2
Buderim Ginger (Overseas) Holdings Pty Ltd	(i)	Australia (a)	**100**	100	**5**	5
Buderim Ginger (UK) Ltd	(iii)	United Kingdom (b)	**100**	100	**5**	5
Buderim Ginger America, Inc	(ii)	United States (c)	**100**	100	**146,987**	146,987
Buderim Ginger Sales GmbH	(iii)	Germany	**-**	100	**-**	41,467
Frespac Ginger (Fiji) Ltd	(iii)	Fiji (b)	**100**	100	**1,150,705**	1,150,705
					1,297,710	1,339,177

(i) Investments by Buderim Ginger Limited.

(ii) Investment by Buderim Ginger (UK) Ltd.

(iii) Investment by Buderim Ginger (Overseas) Holdings Pty Ltd. The German subsidiary was disposed of during the period.

(a) Entities subject to class order relief

Pursuant to Class Order 98/1418, relief has been granted to these controlled entities of Buderim Ginger Limited from the Corporations Act 2001 requirements for preparation, audit, publication and lodgement of their financial reports.

As a condition of the Class Order, Buderim Ginger Limited and the controlled entities, subject to the Class Order 98/1418, entered into a Deed of Indemnity on 4 February 1990. The effect of the deed is that Buderim Ginger Limited has guaranteed to pay any deficiency in the event of winding up of the controlled entities. The controlled entities have also given a similar guarantee in the event that Buderim Ginger Limited is wound up.

The consolidated statement of financial performance and statement of financial position of the entities which are members of the "Closed Group", as identified by the symbol (a) above, are as follows:

	Closed Group 2002 $'000	2001 $'000
(i) Consolidated statement of financial performance		
Operating profit before income tax	**660**	775
Income tax expense relating to operating activities	**(111)**	(183)
Operating profit after income tax expense	**549**	592
Retained profits at the beginning of the financial year	**316**	352
Adjustment arising from adoption of revised accounting standard: AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets"	**628**	-
Dividends provided for or paid	**(628)**	(628)
Retained profits at the end of the financial year	**865**	316

Notes to the Financial Statements

Year Ended 31 December 2002

10. INTERESTS IN SUBSIDIARIES (CONT'D)

(ii) Consolidated statement of financial position

	CLOSED GROUP 2002 $'000	CLOSED GROUP 2001 $'000
Current Assets		
Cash assets	**130**	141
Receivables	**5,035**	5,164
Inventories	**8,822**	9,827
Other	**266**	299
Total Current Assets	**14,253**	15,431
Non-Current Assets		
Receivables	**-**	449
Investments	**1,151**	1,192
Property, plant and equipment	**8,581**	8,106
Intangible assets	**129**	134
Deferred tax asset	**266**	305
Total Non-Current Assets	**10,127**	10,186
Total Assets	**24,380**	25,617
Current Liabilities		
Payables	**2,622**	3,432
Interest-bearing liabilities	**2,872**	4,870
Provisions	**994**	1,348
Current tax liabilities	**66**	198
Total Current Liabilities	**6,554**	9,848
Non-Current Liabilities		
Payables	**-**	-
Interest-bearing liabilities	**2,140**	1,605
Deferred tax liabilities	**243**	289
Provisions	**93**	81
Total Non-Current Liabilities	**2,476**	1,975
Total Liabilities	**9,030**	11,823
Net Assets	**15,350**	13,794
Shareholders' Equity		
Contributed equity	**13,081**	12,911
Reserves	**567**	567
Retained profits	**1,702**	316
Total Shareholders' Equity	**15,350**	13,794

(b) Controlled entities which are audited by another member firm of Ernst & Young International.

(c) Controlled entity which is incorporated in Delaware. Under United States law the financial statements of this entity are not required to be audited and, accordingly, no auditor has been appointed.

11. PROPERTY, PLANT AND EQUIPMENT

	Notes	Consolidated 2002 $'000	Consolidated 2001 $'000	Buderim Ginger Limited 2002 $'000	Buderim Ginger Limited 2001 $'000
Freehold land					
At independent valuation 30 June 1997		**950**	950	**950**	950
Buildings on freehold land					
At cost		**8,535**	8,488	**7,193**	7,193
Accumulated depreciation		**(3,203)**	(2,932)	**(3,000)**	(2,786)
		5,332	5,556	**4,193**	4,407
Total land and buildings		**6,282**	6,506	**5,143**	5,357
Plant and equipment					
At cost		**10,527**	9,350	**8,748**	7,633
Accumulated depreciation		**(6,933)**	(6,164)	**(5,788)**	(5,274)
		3,594	3,186	**2,960**	2,359
Plant and equipment under lease					
At cost		**1,677**	1,697	**1,677**	1,697
Accumulated amortisation		**(1,456)**	(1,338)	**(1,456)**	(1,338)
		221	359	**221**	359
Total plant and equipment		**3,815**	3,545	**3,181**	2,718
Capital works in progress at cost		**257**	31	**257**	31
Total property, plant and equipment					
Independent valuation 30 June 1997		**950**	950	**950**	950
Cost		**20,996**	19,566	**17,875**	16,554
		21,946	20,516	**18,825**	17,504
Accumulated depreciation and amortisation		**(11,592)**	(10,434)	**(10,244)**	(9,398)
Total written down amount		**10,354**	10,082	**8,581**	8,106

(a) Assets pledged as security

Westpac Banking Corporation holds a registered equitable mortgage over the company's assets. The terms of this first mortgage preclude the assets being sold or being used as security for further mortgages without the permission of the first mortgage holder. The mortgage also requires buildings that form part of the security to be fully insured at all times. Included in the balance of plant and equipment are assets under lease, which are pledged as security for the associated, lease liability. The book value of leased assets amounts to $220,563 (2001: $358,600).

(b) Valuations

Leasehold property at Yandina was converted to freehold in June 1997 and was restated to the independent valuation determined by Edward Rushton Australia Pty Ltd at that date. The company has adopted the transitional provisions of AASB 1041: "Revaluation of Non-Current Assets" and has stated freehold land at the independent valuation as at 30 June 1997.

All valuations are estimates of the amounts for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the valuation date.

The consolidated entity has a set policy for regular valuation of freehold land and buildings at least once every three financial years.

At 30 June 2001, land, buildings and plant and equipment were valued by Edward Rushton Pty Ltd, registered valuers at $10,899,000 on the basis of Market Value for Existing Use. Valuation for insurance purposes/reinstatement with new value was at $25,402,000.

As at 31 December 2002, land, buildings and plant and equipment of the Frespac Ginger (Fiji) Ltd were valued by Fairview Valuations, registered valuers at $2,807,915 on the basis of Market Value for Existing Use. Valuation for insurance purposes/reinstatement with new value was at $3,401,515.

Notes to the Financial Statements

Year Ended 31 December 2002

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(c) Reconciliations

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current year.

	Notes	Consolidated 2002 $'000	Buderim Ginger Limited 2002 $'000
Freehold land			
No movement recorded in this asset		**950**	950
		950	950
Buildings on freehold land			
Carrying amount at beginning		**5,556**	4,407
Additions		**47**	-
Net foreign currency movements		**11**	-
Depreciation expense		**(282)**	(214)
		5,332	4,193
Plant and equipment			
Carrying amount at beginning		**3,186**	2,359
Additions		**1,237**	1,141
Disposals		**(14)**	(14)
Net foreign currency movements		**5**	-
Depreciation expense		**(820)**	(526)
		3,594	2,960
Plant and equipment under lease			
Carrying amount at beginning		**359**	359
Disposals		**(3)**	(3)
Depreciation expense		**(135)**	(135)
		221	221

	Notes	Consolidated 2002 $'000	Consolidated 2001 $'000	Buderim Ginger Limited 2002 $'000	Buderim Ginger Limited 2001 $'000
12. INTANGIBLES					
Goodwill		**196**	188	**-**	-
Accumulated amortisation		**(36)**	(26)	**-**	-
		160	162	**-**	-
Trademarks		**184**	173	**182**	171
Accumulated amortisation		**(53)**	(37)	**(53)**	(37)
		131	136	**129**	134
		291	298	**129**	134
13. PAYABLES (CURRENT)					
Trade creditors		**2,304**	2,281	**2,066**	1,941
Other creditors		**791**	1,069	**560**	1,504
Foreign exchange contracts payable		**7**	-	**-**	-
Deferred foreign currency gains		**38**	-	**-**	-
		3140	3,350	**2,626**	3,445
Aggregate amounts payable to related parties included in trade creditors					
Directors and director-related entities		**3**	50	**3**	50
14. INTEREST-BEARING LIABILITIES (CURRENT)					
Secured					
- lease liability	21,32,33	**250**	137	**242**	129
- bank overdrafts	32,33	**-**	220	**-**	133
- bank bill facility	32,33	**2,630**	2,030	**2,630**	2,030
- bank loan	32,33	**63**	-	**-**	-
- other loan	32,33	**70**	-	**-**	-
Unsecured					
- wholly owned group - loan by controlled entity		**-**	-	**-**	186
		3,013	2,387	**2,872**	2,478

The bank overdraft and bill finance facilities are secured by a registered equitable mortgage over the company's assets.
The lease liability is secured by a charge over the leased assets. The bank loan is secured over the plant and equipment of Frespac Ginger (Fiji) Limited and supported by a guarantee from the parent entity. The other loan is secured over the buildings of Frespac Ginger (Fiji) Limited.

	Notes	Consolidated 2002 $'000	Consolidated 2001 $'000	Buderim Ginger Limited 2002 $'000	Buderim Ginger Limited 2001 $'000
15. PROVISIONS (CURRENT)					
Dividends on ordinary shares	5	***-**	628	***-**	628
Employee entitlements	22	**994**	718	**994**	718
		994	1,346	**994**	1,346

* In accordance with the new Accounting Standard AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets", the provision for dividends has not been recognised. Subsequent to the end of the reporting period, the directors have declared a dividend of 3 cents per share amounting to $636,683. Refer Note 24.

Notes to the Financial Statements

Year Ended 31 December 2002

	Notes	Consolidated 2002 $'000	Consolidated 2001 $'000	Buderim Ginger Limited 2002 $'000	Buderim Ginger Limited 2001 $'000

16. INTEREST-BEARING LIABILITIES (NON-CURRENT)

	Notes	Consolidated 2002 $'000	Consolidated 2001 $'000	Buderim Ginger Limited 2002 $'000	Buderim Ginger Limited 2001 $'000
Secured					
- lease liability - finance lease	21,32,33	-	256	-	247
- bank bill facility	32,33	**2,140**	2,570	**2,140**	2,570
- bank loan	32,33	**164**	271	-	-
- other loan	32,33	**615**	712	-	-
		2,919	3,809	**2,140**	2,817

The lease liability is secured by a charge over the leased assets. The bill facility is secured by a registered equitable mortgage over the parent company's assets. The bank loan is secured over the plant and equipment of Frespac Ginger (Fiji) Limited and supported by a guarantee from the parent entity. The other loan is secured over the buildings of Frespac Ginger (Fiji) Limited.

17. PROVISIONS (NON-CURRENT)

	Notes	Consolidated 2002 $'000	Consolidated 2001 $'000	Buderim Ginger Limited 2002 $'000	Buderim Ginger Limited 2001 $'000
Employee entitlements	22	**101**	89	**93**	81

18. CONTRIBUTED EQUITY

(a) Issued and paid up capital

	Notes	Consolidated 2002 $'000	Consolidated 2001 $'000	Buderim Ginger Limited 2002 $'000	Buderim Ginger Limited 2001 $'000
Ordinary shares fully paid		**13,081**	12,911	**13,081**	12,911

(b) Movements in shares on issue

	2002 Number of shares	2002 $'000	2001 Number of shares	2001 $'000
Beginning of the financial year	**20,919,189**	12,911	**20,919,189**	12,911
Issued during the year				
- dividend reinvestment scheme (i)	**247,642**	170	-	-
- managing director incentive scheme (ii)	**55,944**	-	-	-
End of the financial year	**21,222,775**	13,081	**20,919,189**	12,911

(i) On 21 May 2002, 247,642 ordinary shares were issued under the dividend reinvestment scheme at a value of $0.686 per share. These shares rank equally with all other ordinary shares.

(ii) On 15 March 2002, 55,944 ordinary shares were issued under the managing director employee incentive scheme at a value of $0.715 cents per share. These shares rank equally with all other ordinary shares.

	Notes	Consolidated 2002 $'000	Consolidated 2001 $'000	Buderim Ginger Limited 2002 $'000	Buderim Ginger Limited 2001 $'000

19. RESERVES AND RETAINED PROFITS

Asset revaluation		**655**	655	**655**	655
Foreign currency translation		**(88)**	(88)	**-**	-
		567	567	**655**	655
Retained profits		**4,115**	3,345	**434**	221

(a) Asset Revaluation

(i) Nature and purpose of reserve

The asset revaluation reserve is used to record increments and decrements in the value of non-current assets. The reserve can only be used to pay dividends in limited circumstances.

(ii) Movements in reserve

No movement recorded		**655**	655	**655**	655

(b) Foreign currency translation

(i) Nature and purpose of reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of self-sustaining foreign operations.

(ii) Movements in reserve

No movement recorded		**(88)**	(88)	**-**	-

(c) Retained profits

Balance at the beginning of year		**3,345**	2,689	**221**	420
Net profit after related income tax expense		**770**	1,284	**213**	429
Adjustment arising from adoption of revised accounting standard:					
AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets"		**628**	-	**628**	-
Total available for appropriation		**4,743**	3,973	**1,062**	849
Dividends provided for or paid		**(628)**	(628)	**(628)**	(628)
Balance at end of year		**4,115**	3,345	**434**	221

Notes to the Financial Statements

Year Ended 31 December 2002

20. STATEMENT OF CASH FLOWS

	Notes	Consolidated 2002 $'000	Consolidated 2001 $'000	Buderim Ginger Limited 2002 $'000	Buderim Ginger Limited 2001 $'000
(a) Reconciliation of the operating profit after tax to the net cash flows from operations					
Net profit		**770**	1,284	**213**	429
Non-Cash Items					
Depreciation of non-current assets		**1,102**	1,078	**740**	699
Amortisation of non-current assets		**161**	162	**151**	152
Write-back of intercompany loan provision		**-**	-	**(164)**	-
Other		**(7)**	-	**5**	1
Changes in assets and liabilities					
(Increase)/decrease in trade receivables		**(368)**	326	**94**	858
(Increase)/decrease in inventory		**758**	(1,084)	**1,005**	(1,507)
(Increase)/decrease in future income tax benefit		**39**	125	**39**	125
(Increase)/decrease in prepayments and other receivables		**(104)**	162	**(96)**	(22)
(Decrease)/increase in trade and other creditors		**(255)**	(162)	**(819)**	(72)
(Decrease)/increase in tax provision		**(113)**	531	**(132)**	370
(Decrease)/increase in deferred income tax liability		**(46)**	(92)	**(46)**	(92)
(Decrease)/increase in employee entitlements		**288**	(59)	**288**	(53)
Net cash flow from operating activities		**2,225**	2,271	**1,278**	888
(b) Reconciliation of cash					
Cash balance comprises:					
- cash on hand		**642**	660	**130**	141
- bank overdraft		**-**	(220)	**-**	(133)
Closing cash balance		**642**	440	**130**	8

(c) Financing facilities available

The consolidated entity has a bank overdraft facility available to the extent of $750,000 (2001: $750,000), and a bank bill facility to the extent of $7,600,000 (2001: $7,600,000).

(d) Non-Cash Financing and Investing Activities

Dividend Reinvestment Plan

Under the terms of the dividend reinvestment plan, $170,002 (2001: $Nil) of dividends were paid via the issue of 247,642 shares (2001: Nil).

	Notes	Consolidated 2002 $'000	Consolidated 2001 $'000	Buderim Ginger Limited 2002 $'000	Buderim Ginger Limited 2001 $'000
21. EXPENDITURE COMMITMENTS					
(a) Capital expenditure commitments					
Estimated capital expenditure contracted for at reporting date, but not provided for, payable:					
- not later than one year					
- enterprise resource planning package		**330**	-	**330**	-
(b) Lease expenditure commitments					
(i) Operating leases (non-cancellable):					
Minimum lease payments					
- not later than one year		**129**	149	**129**	149
- later than one year and not later than five years		**212**	228	**212**	228
- aggregate lease expenditure contracted for at reporting date		**341**	377	**341**	377
Amounts not provided for:					
- future rental commitments		**341**	377	**341**	377
Operating lease commitments relate to liabilities arising from the lease of motor vehicles, rental of off-site retail premises and a tourism facility on the Yandina premises. Operating leases have an average lease term of 3 years and an average implicit interest rate of 6.92%.					
(ii) Finance leases:					
- not later than one year		**257**	156	**249**	153
- later than one year and not later than five years		**-**	268	**-**	254
- total minimum lease payments		**257**	424	**249**	407
- future finance charges		**(7)**	(31)	**(7)**	(31)
- lease liability		**250**	393	**242**	376
- current liability	14	**250**	137	**242**	129
- non-current liability	16	**-**	256	**-**	247
		250	393	**242**	376

Notes to the Financial Statements

Year Ended 31 December 2002

22. EMPLOYEE ENTITLEMENTS AND SUPERANNUATION COMMITMENTS

	Notes	Consolidated 2002 $'000	Consolidated 2001 $'000	Buderim Ginger Limited 2002 $'000	Buderim Ginger Limited 2001 $'000
Employee Entitlements					
The aggregate employee entitlement liability is comprised of:					
Provisions (current)		**994**	718	**994**	718
Provisions (non-current)		**101**	89	**93**	81
		1,095	807	**1,087**	799

Superannuation Commitments

All employees are entitled to varying levels of benefits on retirement, resignation, disability or death. The superannuation plans provide defined benefits based on years of service and final average salary. Employees contribute to the plans at various percentages of their wages and salaries. The consolidated entity also contributes to the plans, in accordance with award based superannuation requirements. The Plans comply with the Superannuation Industry Supervision Act and Regulations. The company contributions are legally enforceable.

23. CONTINGENT LIABILITIES

Controlled entities

The parent company has guaranteed under the terms of an ASIC Class Order any deficiency of funds if Australian Golden Ginger Pty Ltd, Gingertown Pty Ltd and Buderim Ginger (Overseas) Holdings Pty Ltd are wound up. No such deficiencies exist.

The parent company has provided a guarantee to Westpac, Suva, Fiji in the sum of $AUD600,000 to indemnify the Westpac Banking Corporation for an overdraft facility made available to Frespac Ginger (Fiji) Ltd.

Other persons

A complaint has been lodged under the Queensland Anti-Discrimination Act 1991 by a former employee against Buderim Ginger Limited and two officers of the company. The employee alleges discrimination on the basis of impairment. The matter is proceeding to the Anti-Discrimination Tribunal. Directors believe they can successfully defend the matter and no provision has been made in the accounts.

There are no contingent liabilities in respect of termination of service agreements with executives or directors.

24. SUBSEQUENT EVENTS

Since the end of the financial year 31 December 2002, directors have declared a dividend of 3 cents per share amounting to $636,683 to be paid on 20 May 2003 with a record date of 30 April 2003.

In the opinion of the directors, there were no other significant changes in the state of affairs of the economic entity that occurred during the financial year under review not otherwise disclosed in this report or the financial reports.

25. ECONOMIC DEPENDENCY

A large proportion of the base ingredient, ginger, used in the Australian manufacturing operations of the consolidated entity is only available from quota holders. All ginger growers who supply ginger have entered into long term agreements with the company. The Ginger Supply Agreements held with Australian growers provide the company with a secure source of ginger and the growers with an outlet for their product. Ginger used in the Fiji manufacturing operation is purchased under open market conditions.

	Notes	Consolidated 2002	Consolidated 2001

26. EARNINGS PER SHARE

	Notes	2002	2001
(a) Basic earnings per share (cents per share)		**3.64**	6.14
(b) Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share		**21,127,981**	20,919,189

During the financial year, 247,642 ordinary shares have been issued pursuant to the dividend reinvestment scheme.

There are no issued preference shares and therefore no adjustment to profit for the cost of equity. There have been no other conversions to, calls of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of this financial report. The diluted earnings per share is the same as the basic earnings per share.

	Notes	Consolidated 2002 $'000	Consolidated 2001 $'000	Buderim Ginger Limited 2002 $'000	Buderim Ginger Limited 2001 $'000

27. REMUNERATION OF DIRECTORS

(a) Directors' remuneration

	Notes	Consolidated 2002	Consolidated 2001	Buderim Ginger Limited 2002	Buderim Ginger Limited 2001
Income paid or payable, or otherwise made available, in respect of the financial year, to all directors of each entity in the consolidated entity, directly or indirectly, by the entities of which they are directors or any related party:		**416,024**	360,898		
Income paid or payable, or otherwise made available, in respect of the financial year, to all directors of Buderim Ginger Limited, directly or indirectly, from the entity or any related party:				**416,024**	360,898

Under the employee incentive scheme shareholders approved the issue to the managing director of a maximum of 100,000 shares per annum over a period not more than three years from 27 April 2001. A bonus of 55,944 ordinary shares valued at $40,000 were issued to the managing director in March 2002.

The number of directors of Buderim Ginger Limited whose income (including superannuation contributions) falls within the following bands is:

			No.	No.
$0	-	$9,999	**4**	1
$20,000	-	$29,999	**3**	3
$40,000	-	$49,999	**1**	1
$50,000	-	$59,999	**-**	1
$170,000	-	$179,999	**-**	1
$230,000	-	$239,999	**1**	-

(b) Prescribed benefits approved at general meeting

No prescribed benefits have been paid which would require approval at an Annual General Meeting.

Notes to the Financial Statements

Year Ended 31 December 2002

	Notes	Consolidated 2002 $'000	Consolidated 2001 $'000	Buderim Ginger Limited 2002 $'000	Buderim Ginger Limited 2001 $'000

28. REMUNERATION OF EXECUTIVES

Remuneration received or due and receivable by executive officers of the consolidated entity whose remuneration is $100,000 or more, from entities in the consolidated entity or a related party, in connection with the management of the affairs of the entities in the consolidated entity whether as an executive officer or otherwise:		**1,436,313**	1,263,868		
Remuneration received or due and receivable by executive officers of the company whose remuneration is $100,000 or more, from the company or any related party, in connection with the management of the affairs of the company or any of its subsidiaries, whether as an executive officer or otherwise:				**784,742**	627,738

The number of executives of the consolidated entity and the company whose remuneration falls within the following bands:

	No.	No.	No.	No.
$100,000 - $109,999	**4**	-	**3**	-
$110,000 - $119,999	**1**	1	**1**	1
$130,000 - $139,999	**1**	-	**-**	-
$140,000 - $149,999	**-**	1	**-**	1
$150,000 - $159,999	**1**	1	**1**	1
$170,000 - $179,999	**1**	-	**-**	-
$190,000 - $199,999	**1**	1	**1**	-
$200,000 - $209,999	**-**	2	**-**	1
$240,000 - $249,999	**1**	1	**-**	-

29. AUDITORS' REMUNERATION

Amounts received or due and receivable by auditors of Buderim Ginger Limited for:				
- an audit or review of the financial report of the entity and any other entity in the consolidated entity	**74,567**	86,878	**49,600**	64,050
- other services in relation to the entity and any other entity in the consolidated entity	**85,120**	37,562	**70,905**	24,134
	159,687	124,440	**120,505**	88,184

30. RELATED PARTY DISCLOSURES

Directors

The directors of Buderim Ginger Limited during the financial year were:

J.M. Ruscoe (Chairman - appointed 21 February 2002)
G.D. O'Brien (Managing director)
S.J. Maitland (appointed 26 February 2002)
D.Crerar (appointed 21 February 2002)
S.T. Templeton (appointed 21 February 2002)

D.D.H. Graham (ceased 21 February 2002)
R.F. Cormie (resigned 21 February 2002)
A.R. Everingham (ceased 21 February 2002)
J.C.S. Spencer (ceased 21 February 2002)

30. RELATED PARTY DISCLOSURES (CONT'D)

Wholly-owned group transactions

Sales and purchases made under normal commercial terms and conditions.

Director transactions

Ginger Supplies

Ginger supplies were purchased during the year, and up to 21 February 2002, from A.R. Everingham to the value of $96,829 (2001: $156,144) in a normal customer relationship on terms and conditions no more favourable than those available on similar transactions with other suppliers.

Services

During the year D. Crerar performed consultancy work in relation to manufacturing processes aggregating to $5,150 in fees.

Director-related entity transactions

Ginger Supplies

S.T. Templeton is a director of Templeton Holdings (Qld) Pty Ltd. Ginger supplies were purchased during the year from Templeton Holdings (Qld) Pty Ltd to the value of $623,360 (2001: $888,957) in a normal customer relationship on terms and conditions no more favourable than those available on similar transactions with other suppliers.

Equity instruments of directors

Interests at balance date

Interests in the equity instruments of Buderim Ginger Limited held by directors of the reporting entity and their director-related entities:

	Ordinary Shares Fully Paid	
	2002 Number	2001 Number
J.M. Ruscoe	**101,624**	-
G.D. O'Brien	**55,944**	-
S.J. Maitland	**26,093**	-
D. Crerar	**11,689**	-
S.T. Templeton	**1,216,272**	-
	1,411,622	-

No interest in equity instruments of Buderim Ginger Limited for non-executive directors is reported in 2001 as all non-executive directors were appointed in February 2002.

Movements in directors' equity holdings

During the year, Mr J.M. Ruscoe acquired 49,900 ordinary shares at an average price of $0.705. He also acquired a further 50,000 shares in the name of J.M. & S.E. Ruscoe (Ruscoe Family Super Fund) at an average price of $0.487. Ordinary shares totalling 1,324 were issued to J.M. Ruscoe under the dividend reinvestment scheme at an average price of $0.686.

During the year, Mr S.J. Maitland purchased 20,000 ordinary shares in the name of S.J. Maitland & F.P. Maitland (Maitland Family Superannuation Fund) at an average price of $0.843. Ordinary shares totalling 1,093 were issued to S.J. Maitland & F.P. Maitland (Maitland Family Superannuation Fund) under the dividend reinvestment scheme at an average price of $0.686.

In March 2002, 55,944 ordinary shares were issued to Mr G.D. O'Brien under the managing director employee incentive scheme at the price of $0.715.

Mr S.T. Templeton purchased 35,776 ordinary shares in the name of Redarea Pty Ltd (Templeton Family Account) at an average price of $0.50. Ordinary shares totalling 53 were issued to S.T. Templeton under the dividend reinvestment scheme at an average price of $0.686.

Ordinary shares totalling 489 were issued to Mrs D. Crerar under the dividend reinvestment scheme at an average price of $0.686.

There have been no other transactions concerning equity instruments during the financial year with directors or their director-related entities.

All equity dealings with directors have been entered into with terms and conditions no more favourable than those that the entity would have adopted if dealing at arm's length.

Notes to the Financial Statements
Year Ended 31 December 2002

31. SEGMENT INFORMATION - PRIMARY SEGMENT

Business segments	Ginger Processing		Tourism		Eliminations		Consolidated	
	2002 $'000	2001 $'000	2002 $'000	2001 $'000	2002 $'000	2001 $'000	2002 $'000	2001 $'000
Revenue								
Sales to customers outside the consolidated entity	**27,039**	26,807	**3,127**	3,359	**-**	-	**30,166**	30,166
Other Income	**62**	181	**295**	294	**-**	-	**357**	475
Intersegment revenues	**707**	810	**-**	-	**(707)**	(810)	**-**	-
Total segment revenue	**27,808**	27,798	**3,422**	3,653	**(707)**	(810)	**30,523**	30,641
Results								
Segment result	**1,353**	2,018	**669**	636	**-**	-	**2,022**	2,654
Unallocated expenses							**(914)**	(966)
Consolidated entity profit from ordinary activities before income tax expense							**1,108**	1,688
Income tax expense							**(338)**	(404)
Net profit							**770**	1,284
Assets								
Segment assets	**27,020**	26,951	**1,459**	1,561	**-**	-	**28,479**	28,512
Liabilities								
Segment liabilities	**10,254**	11,180	**462**	509	**-**	-	**10,716**	11,689
Other segment information:								
Acquisition of property, plant and equipment, intangible assets and other non-current assets	**1,506**	778	**23**	15	**-**	-	**1,529**	793
Depreciation	**977**	945	**125**	133	**-**	-	**1,102**	1,078
Amortisation	**161**	162	**-**	-	**-**	-	**161**	162

SEGMENT INFORMATION - SECONDARY SEGMENT

Geographical Segments	Australia		Fiji		Eliminations		Consolidated	
	2002 $'000	2001 $'000	2002 $'000	2001 $'000	2002 $'000	2001 $'000	2002 $'000	2001 $'000
Segment revenue	**28,172**	29,268	**3,874**	5,345	**(1,523)**	(3,972)	**30,523**	30,641
Segment assets	**24,845**	25,073	**3,634**	3,439	**-**	-	**28,479**	28,512
Other segment information:								
Acquisition of property, plant and equipment, intangible assets and other non-current assets	**1,393**	763	**136**	30	**-**	-	**1,529**	793

Segment products and locations

The consolidated entity operates predominantly in the ginger processing industry, and in two geographic areas, Australia and Fiji, although it has marketing operations in the U.K. and USA. The ginger processing operations comprise the production and sale of a variety of sugar processed, brined and dried products to both wholesale and retail operations throughout the world. The tourism operations comprise the sale of ginger and other retail gift and food products within the Australian tourism market.

Segment accounting policies

The group generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices. Revenues are attributed to geographic areas based on the location of the assets producing the revenues.

Segment accounting policies are the same as the consolidated entity's policies described in Note 1. During the financial year, there were no changes in segment accounting policies that had a material effect on the segment information.

32. FINANCIAL INSTRUMENTS

Terms, conditions and accounting policies

The consolidated entity's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument are as follows:

Recognised Financial Instruments	Statement of Financial Position Notes	Accounting Policies	Terms, Notes and Conditions
(i) Financial assets			
Cash assets	20	Cash assets are recorded at their principal amounts.	Interest is recognised as revenue as it accrues.
Receivables - trade and other	6	Trade and other receivables are carried at nominal amounts due less any provision for doubtful debts. A minimum doubtful debt provision of 2.5% of debtors not covered by trade indemnity insurance, supplemented by the recognition of possible non-collection of full nominal amounts. All debtors are cover by QBE trade credit insurance.	Terms for credit sales average between 30-60 days.
Deposits & other loans	6	Short term deposits are stated at their principal amounts. Amounts receivable from related parties are carried at nominal amounts due. Terms and conditions of all transactions in this category, are provided on an arm's length basis.	Interest is recognised as revenue as it accrues.
(i) Financial liabilities			
Bank Overdraft	14	The bank overdrafts are carried at the principal amount. Interest is charged as an expense as it accrues.	Interest is charged at the bank's benchmark rate. Details of the security over the bank overdrafts are set out in note 14.
Trade Creditors and accruals	13	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the consolidated entity.	Trade liabilities are normally settled on 30 day terms.
Bills of Exchange	14,16	Bills of Exchange are carried at the principal amount. Interest is charged as an expense as it accrues.	Bills of Exchange have an average maturity of 30 days with variable interest linked to BBSY rates.
Other Loans and Bank Loans	14	Other loans and bank loans are carried at the principal amount.Variable interest is charged on the bank loan, whilst a fixed interest rate is charged on the other loan.	The bank loan has an average interest rate of 7.9%, whilst the other loan has an average interest rate of 8.5%.
Finance Lease Liability	14,16	The lease liability is accounted for in accordance with AASB 1008.	As at reporting date, the consolidated entity had finance leases with an average term of 3 years. The average discount rate implicit in the leases is 6.92% (2001: 8.05%). The lease liability is secured by a charge over the leased assets.
Dividends Payable	5	Dividends payable are recognised when declared by the company.	As a dividend was not declared prior to 31 December 2002, there is no dividend provision included in the accounts. Subsequent to the end of the financial year, directors have declared a 3 cent fully franked dividend (2001: 3 cents fully franked). There was no interim dividend paid in either 2002 or 2001.

Notes to the Financial Statements

Year Ended 31 December 2002

32. FINANCIAL INSTRUMENTS (CONT'D)

Recognised Financial Instruments	Statement of Financial Position Notes	Accounting Policies	Terms, Notes and Conditions
(i) Equity			
Ordinary Shares	18	Ordinary share capital is recognised at the original par value of the amount paid-up, share premium transferred from reserves on 1 July 1998, and the fair value of consideration received since that date.	There were no shares issued during the reporting period expect for those securities issued under the shareholders dividend reinvestment plan and the managing director employee incentive scheme.

33. FINANCIAL INSTRUMENTS

33(a) Interest rate risk

The consolidated entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the reporting date, are as follows:

Financial Instruments	Floating interest rate		Fixed interest rate maturing in: 1 year or less		Over 1 to 5 years		More than 5 years		Non-interest bearing amount		Total carrying amount as per the statement of financial position		Weighted average effective average interest rate [b]	
	2002 $'000	2001 $'000	2002 $'000	2001 $'000	2002 $'000	2001 $'000	2002 $'000	2001 $'000	2002 $'000	2001 $'000	2002 $'000	2001 $'000	2002 %	2001 %
(i) Financial assets														
Cash	642	652	-	-	-	-	-	-	-	8	642	660	4.50	4.50
Trade and other receivables	-	-	-	-	-	-	-	-	6,412	5,907	6,412	5,907	N/A	N/A
Short term deposits	8	8	-	-	-	-	-	-	-	-	8	8	7.00	7.00
Total financial assets	650	660	-	-	-	-	-	-	6,412	5,915	7,062	6,575		
(ii) Financial liabilities														
Bank Overdraft	-	220	-	-	-	-	-	-	-	-	-	220	8.09	8.05
Trade creditors and accruals	-	-	-	-	-	-	-	-	3,140	3,350	3,140	3,350	N/A	N/A
Finance lease liability	-	-	250	137	-	256	-	-	-	-	250	393	6.92	8.05
Bills of exchange and promissory notes	-	-	2,630	2,030	2,140	2,570	-	-	-	-	4,770	4,600	5.02	5.11
Other loans	-	-	70	-	615	712	-	-	-	-	685	712	8.50	8.50
Bank loans	227	271	-	-	-	-	-	-	-	-	227	271	7.90	7.90
Dividends Payable	-	-	-	-	-	-	-	-	-	628	-	628	N/A	N/A
Total financial liabilities	227	491	2,950	2,167	2,755	3538	-	-	3,140	3,978	9,072	10,174		

33(b) Net fair values

The aggregate net fair values of financial assets and financial liabilities, at the balance date, have been reviewed. Buderim Ginger Limited does not have any financial instruments that differ materially from carrying values. The carrying amount approximates fair value because of their short-term to maturity for all financial assets and liabilities.

33(c) Credit risk exposures

The consolidated entity's maximum exposures* to credit risk at reporting date in relation to each class of recognised financial assets, is the carrying amount of those assets as indicated in the Statement of Financial Position.

In relation to forward exchange contracts, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. The consolidated entity's maximum credit risk exposure in relation to these is as follows:

(i) the full amount of the foreign currency it will be required to pay or purchase when settling the forward exchange contract, should the counterparty not pay the currency it is committed to deliver to the company. At reporting date the net amount was $317,554 (2001: $494,058).

Notes to the Financial Statements

Year Ended 31 December 2002

33. FINANCIAL INSTRUMENTS (CONT'D)

Concentrations of credit risk

Concentrations of credit risk on trade receivables arise in the following market segments:

Market Segment	Maximum credit risk exposure* for each concentration			
	Percentage of total trade debtors		$000	
	2002	2001	2002	2001
Wholesale	**68**	76	**4,119**	4,337
Retail	**32**	24	**1,956**	1,370
	100.0	100.0	**6,075**	5,707

* The maximum credit risk exposure does not take into account the value of any collateral or other security held, in the event other entities/parties fail to perform their obligations under the financial instruments in question.

Credit risk in trade receivables is managed in the following ways:
- payment terms average between 30-60 days;
- a risk assessment process is used for all customers; and
- credit insurance is obtained for both export and domestic debtors through QBE Insurers. QBE insurance covers 90% of credit exposures.

33(d) Hedging instruments

(i) Hedges of anticipated future transactions

Buderim Ginger Limited has entered into forward exchange contracts designed as hedges of anticipated future receipts from sales yet to be written.
The amount of unrealised (gains)/losses as at 31 December 2002 were ($31,978) (2001: $20,229).
The unrealised gains will be recognised in the Statement of Financial Performance account on settlement of the relevant foreign exchange contracts during 2003.

(ii) Hedges of specific commitments

Forward exchange contracts are established to hedge contracted purchases by customers in the United Kingdom. The exposure risk posed by these contracts is held by the relevant customers rather than by Buderim Ginger Limited.

Directors' Declaration

In accordance with a resolution of the directors of Buderim Ginger Limited, I state that:

(1) In the opinion of the directors:

(a) the financial statements and notes of the company and of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2002 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards and Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

(2) In the opinion of the directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 10 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

On behalf of the Board

J.M. Ruscoe
Director
Yandina, 12 March 2003

Auditors' Report

INDEPENDENT AUDIT REPORT

To the members of Buderim Ginger Limited

SCOPE

We have audited the financial report of Buderim Ginger Limited for the financial year ended 31 December 2002, as set out on pages 16 to 45, including the Directors' Declaration. The financial report includes the financial statements of Buderim Ginger Limited and the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at year's end or from time to time during the financial year. The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and statutory requirements, in Australia, so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Buderim Ginger Limited is in accordance with:

(a) the Corporations Act 2001 including:

- (i) giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2002 and of their performance for the year ended on that date; and
- (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

Ernst & Young
Date: 12 March 2003

TC Eddy
Partner - Brisbane

ASX Additional Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 12 March 2003.

(a) Distribution of equity securities

The number of shareholders, by size of holding, in each class of share are:

	Ordinary shares	
	Number of holders	Number of shares
1 – 1,000	389	249,501
1,001 – 5,000	1,169	3,072,638
5,001 – 10,000	372	2,850,223
10,001 – 100,000	299	7,340,475
100,001 and over	24	7,709,938
	2,253	21,222,775
The number of shareholders holding less than a marketable parcel of shares are:	248	109,453

(b) Twenty largest shareholders

The names of the twenty largest holders of quoted shares are:

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares
1	Peanut Company of Australia Limited	2,066,456	9.74
2	Redarea Pty Ltd	1,183,309	5.58
3	Siben Nominees Pty Ltd	440,000	2.07
4	Vittorio Alberti	373,800	1.76
5	Frederick Dannecker	367,700	1.73
6	Felicity Ruth Benoit & Ashley Laurence Benoit	262,164	1.24
7	Douglas Meaden Pty Ltd	225,533	1.06
8	John Barr	224,160	1.06
9	H.J. Langdon & Co Pty Ltd	220,000	1.04
10	Rathvale Pty Limited	212,432	1.00
11	Kosata Pty Ltd	209,900	0.99
12	Samuel Noel Elms	205,037	0.97
13	Patrick William O'Brien	200,000	0.94
14	Walton Ginger Pine Pty Ltd	196,600	0.93
15	Nigel Benjamin Elias	172,777	0.81
16	Cathrina Penny Elizabeth Brown	148,000	0.70
17	Hazel Viviene Gill	148,000	0.70
18	Shirley Florence Kropp	148,000	0.70
19	Comfra Pty Ltd	144,000	0.68
20	Norman James West	143,146	0.67
	Total	7,291,014	34.37
	Remainder	13,931,761	65.63
	Grand Total	21,222,775	100.00

ASX Additional Information

(c) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Number of shares
Peanut Company of Australia Limited	2,066,456
Redarea Pty Ltd (as trustee for the Templeton Family Trust)	1,215,017

(d) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.